

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 20 NOV 2024

DAY.

Wednesday

OF

TABLED
BY:

Hon. Naomi Wago, MP
Deputy Majority Whip

CLERK-AT
THE TABLE:

Irene Nduku

THE AUDITOR-GENERAL

ON

MOI AMALO SECONDARY SCHOOL

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

NAKURU COUNTY

AMALO SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021



MOI AMALO SECONDARY SCHOOL



FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2021

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

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I. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

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

The school was registered in 1995 under registration number GP/A/488/95 and is currently categorized as a *County School*.

The school is a day/boarding school and had 758 number of students as at 30th June 2021. It has 4 streams and 36 teachers of which 17 teachers are employed by the BOM.

(b) Board Members

The School Board of Management is composed of the following members:

| Ref: | Name of Board Member | Designation | Date of appointment |
|------|----------------------|-------------|---------------------|
| 1 | Winnie Towett | Chairman | 18/8/2019 |
| 2 | Harun Nyanduro | Secretary | 18/8/2019 |
| 3 | Joseph Cheruiyot | Member | 18/8/2019 |
| 4 | Peter Kenduiywo | Member | 18/8/2019 |
| 5 | Lorna Ngeno | Member | 18/8/2019 |
| 6 | Ezekiel ngeno | Member | 18/8/2019 |
| 7 | Emily tonuey | Member | 18/8/2019 |
| 8 | Ismael maritim | Member | 18/8/2019 |
| 9 | Joseph ngerechi | Member | 18/8/2019 |
| 10 | Albin sang | Member | 18/8/2019 |
| 11 | Lilian rotich | Member | 18/8/2019 |
| 12 | Rael keter | Member | 18/8/2019 |
| 13 | Joseph cheruiyot | Member | 18/8/2019 |
| 14 | Sally koech | Member | 18/8/2019 |
| | | | |

Key School Information and Management

The function of the School Board of Management include:

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

(c) Committees of the Board

| Ref: | Name of committee | Names of Members | Designation | No of meetings attended during the year |
|------|---------------------|----------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|
| | Executive committee | Winnie towett Harun nyandoro Joseph cheruiyot Ezekiel ngeno | Chairlady Secretary Member Member | 3 |

AMALO SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2021**

| | | | | |
|---|-----------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------|---|
| | | Peter kenduiywo | Member | |
| 1 | Audit Committee | Mr. Ezekiel Ngenoh Mrs Emily Tonuey Mr. Ishmael Maritim Mr Joseph Ngerechi | Chairman Member Member Member | 1 |
| 2 | Finance, procurement and general purposes Committee | Albin Sang Lilian Rotich Joseph Cheruiyot Rael Keter | Chairman Member Member Member | 1 |
| 4 | Development Committee | | | 0 |
| 5 | Discipline and welfare Committee | Mr. Kenduiywo Peter Mr. Joseph Cheruiyot Mrs. Sally Koech Mrs. Rael Keter | Chairman Teacher Member Member | |
| 6 | Adhoc Committee (if any during the year) | | | 0 |

School Operation Management for the financial year ended 30th June 2021 the School day-to-day management was under the following person

| Ref: | Designation | Name | TSC Number |
|------|------------------|----------------|------------|
| 1 | Principal | HARUN NYANDORO | 252661 |
| 2 | Deputy Principal | CANUTE NDUNDE | 363905 |
| 3 | School Bursar | SAMSON KETER | - |

(d) Schools contacts

Post Office Box: 45-20152
Telephone: 0720924710
E-mail: moiamalosecondary@gmail.com
Website:
Facebook:
Twitter:

(e) School Bankers

The following school operated 4 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

- | | | |
|----|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 1. | Name of Bank: ACCESS BANK Branch: OLENGURUONE Account Number: 0090100000039 | 3..Name of Bank: ACCESS BANK Branch: OLENGURUONE Account No, 0090100000055 |
| 2. | Name of Bank ACCESS BANK .Branch: OLENGURUONE Account Number: 0090100000096 | 4. Name of Bank ACCESS BANK Branch OLENGURUONE Account number 0090230001502 |

MPESA Pay Bill No. 862862 attached to 0090100000096, 0090230001502 Bank Account

(f) Independent Auditors

Office of the Auditor General
Anniversary Towers, Monrovia Street
P.O. Box 30084 -00100

AMALO SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2021

GPO Nairobi, Kenya

II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

a) Financial performance:

| ACCOUNT | 2018 | | 2019 | | 2020 | |
|-------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|
| | Amount In Kshs. | Surplus/ Deficit | Amount In Kshs. | Surplus/ Deficit | Amount In Kshs. | Surplus/ Deficit |
| School Fund | 830,977.00 | SURPLUS | 200,421.00 | SURPLUS | 90,816.00 | SURPLUS |
| Tuition | 25,348.00 | DEFICIT | 443,945.00 | DEFICIT | 1,141,934.00 | DEFICIT |
| Operation | 1,256,538.00 | DEFICIT | 509,087.00 | DEFICIT | 2,179,947.00 | DEFICIT |

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

| ACCOUNT | 2018 | 2019 | 2020 | |
|-----------|--------------|--------------|--------------|--|
| TUITION | 4,438,134.00 | 2,526,647.00 | 1,137,750.00 | |
| OPERATION | 9,536,745.00 | 9,858,562.00 | 5,932,400.00 | |
| RMI | - | 4,915,000.00 | 3,875,000.00 | |

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

| VOTE HEAD | 2018 | 2019 | 2020 |
|-----------|-------|-------|------|
| TUITION | 6526 | 3334 | 1501 |
| OPERATION | 14025 | 13006 | 7827 |
| RMI/TIG | - | 6532 | 5113 |

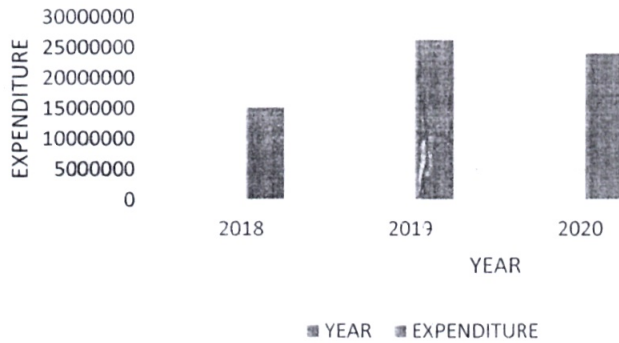
- *A three year overview of growth of other income(s) earned by the school.*

Growth In Income



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

Growth In Expenditure



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

MOVEMENT OF DEBTORS AND CREDITORS



Movement of cash and bank balances over the last three years

b) Teacher Student ratio:

| YEAR | STUDENT/TEACHER RATIO |
|------|-----------------------|
| 2018 | 1:21 |
| 2019 | 1:21 |
| 2020 | 1:21 |
| 2021 | 1:21 |

Number of teachers recruited and posted to the school within the year.

Number of Teacher In 2021

| | |
|--------------------------|---|
| TSC Teachers Transferred | 3 |
| TSC Teachers Recruited | 4 |
| BOM Teachers Recruited | 1 |
| | |

AMALO SECONDARY SCHOOL
 Reports and Financial Statements For the year ended 30th June 2021

c) Mean score in the 2021 KCSE:

| YEAR | ENROLMENT | Number students transitioned to Higher learning Institution | PERFORMANCE/GRADE |
|------|-----------|-------------------------------------------------------------|-------------------|
| 2019 | 124 | 100 | 6.0725 & C plain |
| 2020 | 137 | 120 | 5.8467 & C plain |
| 2021 | 166 | 160 | 5.3313 C -plain |

d) Number of Candidates in the 2021 KCSE:

| YEAR | ENROLMENT |
|------|-----------|
| 2019 | 124 |
| 2020 | 137 |
| 2021 | 166 |

e) Capacity of the school:

Approximate of 750 students

Number of students as at 30th June 2021- 750

FACILITIES

| | |
|--------------|----|
| Dormitories | 4 |
| Dining Hall | 1 |
| Laboratories | 5 |
| Toilets | 19 |
| Classrooms | 16 |
| Staffrooms | 13 |

f) Developments Projects

| Year | Project | Number | Source of Funds |
|------|-------------------------|--------|-----------------|
| 2021 | Girls Classroom | 1 | School Fund |
| 2021 | Boys Classroom | 1 | School Fund |
| 2021 | Renovation of bathrooms | 2 | RMI |

Sign

School Principal *B. H. O. O. O.*

III STATEMENT OF SCHOOL MANAGEMENT REPORT

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 *MOI AMALO 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, 2021, and of the school's financial position as at that date.

Name: ALBIN SANG

Designation: Chairman, Board of Management

Sign: 

Date: 24/9/21

Name: CANUTE NDUNDE


Designation: School Principal & Secretary to Board of Management

Sign: 

Date: 29/9/21

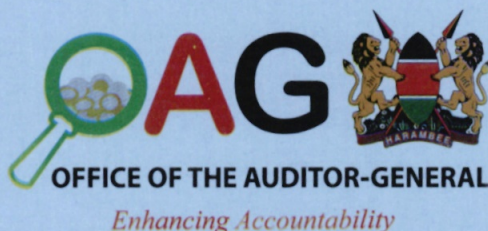
Name: SAMSON KETER

Designation: Bursar/ Finance Officer

Sign: 

Date: 23/09/2021

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
E-mail: 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 MOI AMALO SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - NAKURU COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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 controls, risk management and overall 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 Moi Amalo Secondary School - Nakuru County set out on pages 8 to 25, 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

Report of the Auditor-General on Moi Amalo Secondary School for the six (6) months' period ended 30 June, 2021 - Nakuru County

the six (6) months' period 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 Moi Amalo Secondary School – Nakuru County as at 30 June, 2021, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Inaccurate and Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.536,413 for the period ended 30 June, 2021. However, the board of survey report in support of the cash and cash equivalents balance was not provided for audit. Further, bank reconciliation statements in support of the balance were also not provided for audit, contrary to Regulation 90(1) of the Public Finance Management Regulations, 2015.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.536,413 could not be confirmed.

2. Inaccuracies in the Financial Statements

2.1 Omissions in the Statement of Budgeted Versus Actual Amounts

Examination of statement of budgeted versus actual amounts revealed that budgeted and actual receipt totals for other income and budget utilization difference for capitation grants for operations and fees charged on parents are not indicated in the statement. Further, utilization differences on expenditure for tuition and operations grants, and expenditure for school fund payments are also not indicated in the statement of budgeted versus actual amounts.

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

2.2 Computation Errors in the Financial Statements

Review of the financial statements revealed the following computation errors which have not been corrected;

| Item | Financial Statement Balance (Kshs) | Re-Computed Amount (Kshs) | Variance (Kshs) |
|--------------------------------------------------------------|------------------------------------|---------------------------|-----------------|
| Total Budgeted Income | 31,796,631 | 49,987,031 | (18,190,400) |
| Total Actual Income on Comparable Basis | 13,106,471 | 20,256,346 | (7,149,875) |
| Boarding and School Fund Actual Payments on Comparable Basis | 12,937,344 | 8,287,230 | 4,650,114 |
| Parents Contribution/Fees-School Fund Account (Note 3) | 5,500,840 | 6,165,080 | 664,240 |
| School Fund Account-Payments (Note 7) | 12,894,964 | 12,984,964 | (90,000) |
| Accounts Payable - Note 12 | 3,204,829 | 4,371,584 | 1,166,755 |

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

2.3 Differences Between the Financial Statements and the Notes

Examination of the financial statements revealed variances between the statement of receipts and payments and Notes as shown below: -

| Component | Financial Statements Amount (Kshs) | Note | Amount As Per Note (Kshs) | Variance (Kshs) |
|--------------------------------------------|------------------------------------|------|---------------------------|-----------------|
| School Fund Income - Parents Contributions | 7,819,531 | 3 | 5,500,840 | 2,318,691 |
| School Fund Income - Other Receipts | 5,500,840 | 4 | 7,819,531 | 2,318,691 |
| Fund Balance B/Fwd | (4,835,348) | 13 | (3,246,905) | (1,588,443) |

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

3. Differences Between the Financial Statements and Ledger Balances

Review of the financial statements revealed variances between the financial statements and the ledger as indicated below: -

| Item Description | Financial Statement Balance (Kshs) | Ledger Balance (Kshs) | Variance (Kshs) |
|-------------------|------------------------------------|-----------------------|-----------------|
| Operations | | | |
| Creditors | 1,056,040 | 1,118,090 | 62,050 |

| Item Description | Financial Statement Balance (Kshs) | Ledger Balance (Kshs) | Variance (Kshs) |
|-------------------------------------------------------------|-------------------------------------------|------------------------------|------------------------|
| Personal Emoluments | 2,187,690 | 3,187,690 | 1,000,000 |
| Boarding and School Fund Payments | | | |
| Bank Charges | - | 12,000 | 12,000 |
| Boarding | - | 3,609,833 | 3,609,833 |
| Bus Account | - | 73,300 | 73,300 |
| Creditors | - | 3,865,139 | 3,865,139 |
| Damages | - | 7,300 | 7,300 |
| Farm Account | - | 70,000 | 70,000 |
| NHIF | - | 153,200 | 153,200 |
| NSSF | - | 262,250 | 262,250 |
| S. Fund Tuition A/C) | - | 60,000 | 60,000 |
| School Fund 002-009 | | 5,650,000 | 5,650,000 |
| Tuition Account | | | |
| Creditors | 2,285,271 | 1,477,000 | 808,271 |
| Tuition | 50,275 | 52,775 | 2,500 |
| School Fund Income-Parents Contributions and Other receipts | 13,320,371 | 20,773,934 | 7,453,563 |
| Payments for Tuition | 2,541,796 | 1,736,025 | 805,771 |
| Payments for Operation | 6,099,022 | 7,161,072 | 1,062,050 |
| Boarding and School Fund Payment | 12,894,964 | 20,598,873 | 7,703,909 |
| Bank Accounts | 499,520 | - | 499,520 |
| Cash in hand | 36,893 | - | 36,893 |
| Accounts Payable | 7,489,476 | 4,208,055 | 3,281,421 |

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

4. Inaccuracies in Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and operations amounts of Kshs.2,121,879 and Kshs.7,180,646 as disclosed in Notes 1 and 2 to the financial statements respectively. Review of the NEMIS capitation disbursements made to the School against the amount receipted by the School revealed amounts of Kshs.1,179,320 and Kshs.10,014,386 whereas the NEMIS capitation reflects amounts of Kshs.925,725 and Kshs.9,015,572, resulting to an unexplained variances of Kshs.253,595 and Kshs.998,814 respectively. Further, comparison of bank statements and the financial statements revealed amounts of Kshs.925,725 and Kshs.9,015,572, resulting to an unexplained variances of Kshs.1,196,156 and negative Kshs.1,834,926 respectively.

In the circumstances, the accuracy and completeness of capitation grants for tuition and operations of Kshs.2,121,879 and Kshs.7,180,646 could not be confirmed

5. Failure to Transfer Infrastructure Funds and Non-Disclosure in the Financial Statements

The statement of receipts and payments reflects operations grants amount of Kshs.7,180,646 as disclosed in Note 2 to the financial statements against Ministry of Education NEMIS data which reflects Kshs.9,015,572, resulting to unexplained variance of Kshs.1,834,926. Included in the amount of Kshs.9,015,572 is Kshs.3,187,000 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.510,000 was transferred to infrastructure account, leaving a balance of Kshs.2,677,000 not transferred as at 30 June, 2021.

Failure to transfer infrastructure funds from the operations account was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants and maintenance and improvement funds be transferred to the School infrastructure account fifteen (15) days upon receipt of the funds in the operations account. Further, the transfer of Kshs.510,000 to infrastructure account and the expenditure of the amount was not disclosed in the financial statements.

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

6. Irregular Encashment of Cheques on the School's Operation and Infrastructure Bank Accounts

The statement of receipts and payments reflects capitation grants for operations Kshs.7,180,646 as disclosed in Note 2 to the financial statements. However, audit review of the School's operations and infrastructure bank account statements and the cheque counterfoils revealed that cheques amounting to Kshs.2,494,000 were encashed but the withdrawn amounts were not included in the ledgers presented for audit review. Although the cash withdrawals were explained as petty cash, memorandum cash book showing petty cash transactions was not provided for audit, contrary to Regulation 93(14) of the Public Finance Management (National Government) Regulations, 2015 which requires the holder of a standing Imprest to keep a memorandum cash book to record all receipts and payments and the balances on hand to agree with the cash balance recorded in the cash book.

Further, Board of Management minutes approving the withdrawal of funds from operations and infrastructure bank accounts were not provided for audit review, contrary to Sub-Section 3.1.4 of the Operational Manual for Utilization of Learner Capitation Grant on Utilization of Funds which requires All signatories to the school bank accounts to be notified before funds are withdrawn for utilization and the budget item to be approved by the Board of Management through minutes.

In addition, the financial statements show under Note 2 inter-account borrowing from the lunch account into the operations account of Kshs.1,390,000 within the year under review. However, the respective Board of Management minutes approving the inter-account borrowings were not provided for audit review.

In the circumstances, accuracy and completeness capitation grants for operations of Kshs.7,180,646 and occurrence of the cash withdrawals and funds transfers from school fund/boarding account of Kshs.2,494,000 could not be confirmed and the School Management was in breach of the law.

7. Long Outstanding Fees Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.3,204,829 and as disclosed in Note 11 to the financial statements. Review of aging analysis of the outstanding receivables revealed that school fees arrears amounting to Kshs.957,280 were outstanding for over 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, completeness and full recoverability of the receivables balance of Kshs.3,204,829 could not be confirmed.

8. Authenticity of Accounts Payables

8.1 Variances in Payables

The statement of financial assets and financial liabilities and Note 12 reflects accounts payables of Kshs.7,489,476. However, the balance varies with Kshs.4,208,055 reflected in the payables ledger, resulting to unexplained and unreconciled variance of Kshs.3,281,421.

In the circumstances, the accuracy and completeness of trade payables balance of Kshs.7,489,476 could not be confirmed.

8.2 Long Outstanding and Unsupported Accounts Payables

The statement of financial assets and financial liabilities and as disclosed in Note 12 to the financial statements reflects accounts payables balance of Kshs.7,489,476. However, accounts payable analysis reflected at Note 12 shows accounts payables balance of Kshs.9,477,209 which has remained unpaid for 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 contract (s) are reflected in approved budget estimates'.

Further, the long outstanding payables balance of Kshs.9,477,209 is more than payables balance of Kshs.7,489,476 reflected in the statement of financial assets and financial liabilities. No explanation was provided for the difference of Kshs.1,987,733.

In addition, the payables balance of Kshs.7,489,476 includes prepaid fees amounting to Kshs.1,166,755 which was not supported by a schedule of students who had prepaid school fees. Further, documents such local purchase/service orders, delivery notes, goods received notes, invoices, inspection and acceptance certificates, completion certificates, approvals and minutes relating to trade creditors were not provided for audit review.

In the circumstances, the completeness, accuracy and occurrence of the balance of Kshs.7,489,476 in respect of accounts payables could not be confirmed.

8.3 Unsupported Payments to Creditors

The financial statements show under Note 5 payments for tuition of Kshs.2,541,796 during the period under review which include payments to creditors amounting to Kshs.2,285,271. However, the amount was not supported by payment vouchers, delivery notes, inspection and acceptance certificates and invoices.

In the circumstances, the accuracy, completeness and occurrence of the expenditure of Kshs.2,285,271 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.49,987,031 and Kshs.20,256,346 respectively, resulting to an under-funding of Kshs.29,730,685 or 60% of the budget. However, the School spent Kshs.13,193,869 against actual receipts of Kshs.20,256,346, resulting to an under-utilization of Kshs.7,062,477 or 35% of the actual receipts.

The under-funding 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, 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. Unbalanced Budget

The statement of budgeted versus actual amounts reflects budgeted income and expenditure of Kshs.49,987,031 and Kshs.52,359,585 respectively, resulting to a variance of Kshs.2,716,841 which indicates that the budget is not balanced, contrary to Regulation 33 (c) of the Public Finance Management (National Government) Regulations, 2015 which provides that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, that at all times during budget formulation and approval it must be ensured that the budget shall be balanced.

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

2. Under Funding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amount of Kshs.2,121,879 and Kshs.7,180,646 respectively as disclosed in Notes 1 and Note 2 to the financial statements. During the financial year, NEMIS reported a total number of seven hundred and thirteen (713) students while the enrolment records provided by the School indicated a total number of seven hundred and fifty-eight (758) students, resulting to an unexplained variance of forty-five (45) students. As a result of the variance, the School was under-funded by an amount of Kshs.587,115.

In the circumstances, the under-funding of the School may have affected service delivery to students and other stakeholders.

3. Unconfirmed Students Enrolment Data

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations and infrastructure grants totalling Kshs.9,302,525. 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/period 2020/2021, NEMIS reflected seven hundred and thirteen (713) students while records from the County Director of Education had seven hundred and fifty-eight (758) students, resulting to an underfunding of the School by an amount of Kshs.587,115. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16th June, 2021 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, under-funding of the School may have affected service delivery to the students.

4. Failure to Prepare School Improvement Plan

During the year/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 the law.

5. Irregular Recruitment of Non-Teaching and Board of Management Teachers

Review of personnel records revealed that the School did not have an approved staff establishment plan to inform the need of hiring/recruitment of non-teaching and Board of Management teaching staff. Further, there was no evidence that the vacancies for librarian, store keeper and English teacher who were recruited during the period, were not advertised, contrary to Section 37(1) of the Public Service Commission Act, 2017 which provides that where a vacancy in a public office is to be filled, the Commission or authorized officer shall invite applications by advertising the vacancy in the school's website, at least one daily newspaper of nationwide coverage, the radio and other modes of communication, so as to reach as wide a population of potential applicants as possible.

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

6. Procurement Issues

6.1 Lack of a Procurement Plan

The statement of receipts and payments reflects an amount of Kshs.8,499,100 and Kshs.7,705,729 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

6.2 Failure to Use Standard Procurements Documents

An audit carried out on the procurement documents used in the period under review revealed that the documents were not compliant with Section 57(1) of the Public Procurement and Asset Disposal Act, 2015 which requires an accounting officer of a procuring school to use standard procurement and asset disposal documents issued by the Public Procurement Regulatory Authority in all procurement and asset disposal proceedings. The missing standard tender documents included physical address, location, Kenya Revenue Authority Personal Identification Numbers, audited financial statements, Company Directors, and date of incorporation, among others.

In addition, some of the suppliers/contractors' tender documents did not indicate the prices of goods and services to be procured.

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

6.3 Irregularities in the Procurement of Goods and Services

The School Procurement Committee did not prepare and sign contracts between the School and the suppliers of goods and services including the supply of cereals and meat, contrary to Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015 which requires a written contract to be entered within the period specified in the notification and to be signed within the tender validity period.

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

6.4 Unsupported Procurements

Examination of a sample of payment vouchers provided for audit review revealed that payment vouchers amounting to Kshs.595,700 relating to the supply of goods, works and services did not have all the necessary supporting documents such as requisitions from user departments, Local Purchase Orders, Goods Received Notes, inspection and acceptance reports, delivery notes and invoices, contrary to Regulation 104(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, value for was not achieved on payments amounting to Kshs.595,700 and Management was in breach of the law.

6.5 Procurement from Non-Registered Suppliers

Examination of procurement records revealed that the School procured goods and services amounting to Kshs.1,320,770 from suppliers who were not in the prequalified list of suppliers contrary to Section 106(2)(a) of the Public Procurement and Asset Disposal Act, 2015.

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

7. Unsupported Infrastructure Project

Review of the School's infrastructure account revealed that Kshs.510,000 was transferred to the account from operations account and used on the construction of a classroom. However, the supporting documentation such as a request letter forwarded by County Director of Education (CDE) or Sub-County Director of Education for approval, minutes of the Board of Management, Bill of Quantities (BQ), the approval granted by CDE, and the expenditure schedules were not provided for audit review.

In the circumstances, accuracy, completeness and value for money amounting to Kshs.510,000 on the construction of the classroom could not be confirmed.

8. Lack of Tender Opening and Evaluation Committee Signed Minutes

Examination of procurement records provided for audit revealed as follows: -

- (i) Lack of tender opening and evaluation committees minutes signed by the committee members.
- (ii) Lack of duly signed contracts between the School Management and suppliers/contractors for the awarded School's suppliers of goods and services.
- (iii) Failure to advertise for the tenders on the notice board or nearby county offices.

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

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

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

- (i) Table of contents numbering of items is not chronological as Report of the Independent Auditors is numbered III and V while statement of receipts and payments is not numbered.

- (ii) The name of the School and the period of the financial statements is omitted in Report of the Independent Auditors, the statement of receipts and payments, statement of financial assets and statement of cash flows.
- (iii) The statement of financial assets and financial liabilities as at 30 June, 2021 is incorrectly referred to as “The Statement Financial of Assets” both in the table of contents and at page 9.
- (iv) The year of the statement of budgeted versus income is incorrectly indicated as 20XX in the table of contents.
- (v) Note 12 to the financial statements which shows analysis of accounts receivables is incorrectly referred to as accounts payables.
- (vi) The financial statements are indicated to be for the year ended 30th June 2022 instead of “for the six months’ period ended 30 June, 2021”.
- (vii) Analysis of pending accounts payables reflected at Annex 1 of the financial statements is incomplete as it lacks analysis/details of the pending accounts payables.

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

10. Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 17 February, 2023 instead of the statutory deadline of 30 September, 2021. 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 which Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

Report of the Auditor-General on Moi Amalo Secondary School for the six (6) months’ period ended 30 June, 2021 - Nakuru County

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 a Register of Fixed Assets

Review of the financial statements revealed that the Annex on Summary of Fixed Assets Register is omitted. Further, the School did not maintain a fixed assets register in a format that indicates the description, financier, serial/log book number, acquisition date, value, location, opening balances, additions or disposals during the period and the closing balances. Instead, a stores ledger is kept. This was contrary to Regulation 143 (1) of Public Finance Management (National Government) Regulations, 2015 prescribes that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

2. Ineffective Internal Controls and Lack of Oversight at the School

Review of the minutes of the Executive Board of Management (EBOM) meetings revealed the following irregularities: -

- (i) Minutes of the EBOM meetings dated 23 December, 2020 were not signed by the Secretary and the Chairperson.
- (ii) Minutes of the Finance Committee meeting dated 15 January, 2021 were also not signed by the Secretary and the Chairperson of the School Board of Management.
- (iii) The Adhoc Finance and Procurement Committee meeting attendance register and minutes were not signed.
- (iv) Further, the Adhoc Finance and Procurement Committee members comprised of two (2) non-staff members.

In the circumstances, resolutions passed by the School Board of Management and its Committees may not be binding and internal controls meant to safeguard operations may not be effective.

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

Responsibilities of Management and those Charged with Governance

Report of the Auditor-General on Moi Amalo Secondary School for the six (6) months' period ended 30 June, 2021 - Nakuru County

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 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 control, risk management and overall 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.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 non-compliance. 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to 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

23 September, 2024

V. STATEMENT OF RECEIPTS AND PAYMENTS

| DESCRIPTION OF VOTE HEAD | Note | 2020 - 2021 | 2019 - 2020 |
|--------------------------------------------|------|---------------|-------------|
| | | | Kshs |
| RECEIPTS | | | |
| Capitation grants for tuition | 1 | 2,121,879.00 | - |
| Capitation grants for operations | 2 | 7,180,646.00 | - |
| School Fund Income- Parents' Contributions | 3 | 7,819,531.00 | - |
| School Fund Income- Other receipts | 4 | 5,500,840.00 | - |
| Proceeds from borrowings | | | |
| TOTAL RECEIPTS | | 22,622,896.00 | - |
| PAYMENTS | | | |
| Payments for Tuition | 5 | 2,541,796.00 | - |
| Payments for operations | 6 | 6,099,022.00 | - |
| Boarding and school fund payments | 7 | 12,894,964.00 | - |
| TOTAL PAYMENTS | | 21,535,782.00 | - |
| SURPLUS/DEFICIT | | 1,087,114.00 | - |

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

Name: ALBIN SANG

Designation: Chairman -B.O.M

Sign

Date 24/9/2021

Name: CANUTE NDUNDE

Designation: Principal/secretary B.O.M

Sign

Date: 27/9/2021

Name: SAMSON KETER

Designation: Bursar

Sign

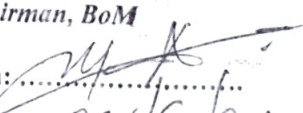
Date: 23/09/2021

VI. STATEMENT OF FINANCIAL ASSETS

| | Note | 2020 - 2021 | 2019 - 2020 |
|----------------------------------------|------|-----------------------|--------------------|
| | | Kshs | Kshs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances | 8 | 499,520.00 | - |
| Cash Balances | 9 | 36,893.00 | - |
| Short term Investment | 10 | - | - |
| Total Cash and Cash Equivalents | | 536,413.00 | - |
| Account's receivables | 11 | 3,204,829.00 | 4,770,874 |
| TOTAL FINANCIAL ASSETS | | 3,741,242.00 | 4,770,874 |
| FINANCIAL LIABILITIES | | | |
| Accounts Payable | 12 | 7,489,476.00 | 9,477,209 |
| NET FINANCIAL ASSETS | | (3,748,234.00) | (4,706,335) |
| REPRESENTED BY | | | |
| Fund balance b/fwd 1st July... | 13 | (4,835,348.00) | - |
| Surplus/Deficit for the year | | 1,087,114.00 | - |
| NET FINANCIAL POSITION | | (3,748,234.00) | - |

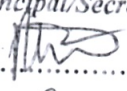
The School's financial statements were approved on _____ 2021 and signed by:

Name: **ALBIN SANG**
 Chairman, BoM

Sign: 

Date: 24/9/2021

Name: **CANUTE NDUNDE**
 School Principal/Secretary to
 BoM

Sign: 

Date: 22/9/2021

Name: **SAMSON KETER**
 Bursar/Finance

Sign: 

Date: 23/09/2021

VII. STATEMENT OF CASH FLOWS

| | | 2020 - 2021 | 2019 - 2020 |
|---------------------------------------------------|---|----------------------|-------------|
| | | Kshs | Kshs |
| Receipts from operating activities | | | |
| Capitation grants for tuition | 1 | 2,121,879.00 | - |
| Capitation grants for operations | 2 | 7,180,646.00 | - |
| School fund income- Parents contributions/ fees | 3 | 7,819,531.00 | - |
| School fund income- other receipts | 4 | 5,500,840.00 | - |
| Adjustment increase/Decrease of Debtors | | 1,566,045.00 | |
| Total receipts | | 24,188,941.00 | - |
| Payments | | | |
| Payments for Tuition | 5 | 2,541,796.00 | - |
| Payments for operations | 6 | 6,099,022.00 | - |
| Boarding and school fund payments | 7 | 12,894,964.00 | - |
| Adjustment increase/Decrease of creditors | | 1,987,733.00 | |
| | | 23,523,515.00 | - |
| Net cash flow from operating activities | | 665,426.00 | - |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | | | - |
| Acquisition of Assets | | | - |
| Proceeds from investments | | - | - |
| Net cash flows from Investing Activities | | - | - |
| NET CASHFLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings/ loans | | | |
| Repayment of principal borrowings | | | |
| Net cash flows from Investing Activities | | | |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | 665,426.00 | - |
| Cash and cash equivalent at BEGINNING of the year | | (129,013.00) | - |
| Cash and cash equivalent at END of the year | | 536,413.00 | - |
| | | - | - |
| | | | |
| | | | |

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|-------------------------------------------|-----------------|-------------|--------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| RECEIPTS | | | | | | |
| <i>(1) CAPITATION GRANT ON TUITION</i> | | | | | | |
| Text books | 616,000 | | 616,000 | 1,350 | 614,650 | 21.9% |
| Exercise books | 1,312,500 | | 1,312,500 | 375,845 | 936,655 | 2863.6% |
| Laboratory equipments and apparatus | 637,900 | | 637,900 | 300,000 | 337,900 | 4702.9% |
| Teaching/learning materials | 1,600,000 | | 1,600,000 | 600,000 | 1,000,000 | 3750.0% |
| chalks | | | 0 | | - | #DIV/0! |
| Internal exams | 224,000 | | 224,000 | 82,034 | 141,966 | 3662.2% |
| Totals | 4,390,400 | | 4,390,400 | 1,359,229 | 3,031,171 | |
| <i>(2) CAPITATION GRANT ON OPERATIONS</i> | | | | | | |
| EWC | 2,520,800 | | 2,520,800 | 513,100 | | 20.4% |
| LT @T | 1,466,400 | | 1,466,400 | 513,100 | | 35.0% |
| RMI | 1,508,000 | | 1,508,000 | 2,666,500 | | 176.8% |
| Personal emolument | 4,604,000 | | 4,604,000 | 1,590,200 | | 34.5% |
| Admin cost | 1,257,600 | | 1,257,600 | 507,746 | | 40.4% |

AMALO SECONDARY SCHOOL
 Reports and Financial Statements For the year ended 30th June 2021

| | | | | | |
|--------------------------------------|---------------|-----------|------------|------------|---------|
| Activity | 1,004,800 | 1,004,800 | 1,004,800 | 0 | 0.0% |
| Medical and Insurance | 1439200 | | 1,439,200 | 0 | 0.0% |
| Totals | 13,800,800 | | 13,800,800 | 5,790,646 | 42.0% |
| (3) FEES CHARGED ON PARENTS | | | | | |
| Personnel emoluments | 3,200,000 | | 3,200,000 | 1,104,835 | #DIV/0! |
| Repairs and maintenance | 1,680,000 | | 1,680,000 | 702,660 | 34.5% |
| Local transport/ travelling | 1,120,000 | | 1,120,000 | 353,360 | 41.8% |
| Electricity and water | 2,760,000 | | 2,760,000 | 1,188,784 | 31.6% |
| Medical | | | 0 | 60,080 | 43.1% |
| Administrative costs | 1,680,000 | | 1,680,000 | 656,531 | #DIV/0! |
| Activity | 1,040,000 | | 1,040,000 | 265,425 | 39.1% |
| SMASSE | | | 0 | | 25.5% |
| Fee on Boarding Equipment and Stores | 17,600,000 | | 17,600,000 | 6,058,165 | #DIV/0! |
| Totals | 29,080,000.00 | | 29,080,000 | 10,389,840 | 34.4% |
| OTHER INCOME | | | | | |
| Inter-account borrowing-Operations | | | 0 | | 35.7% |
| Electricity, water & C | | | 0 | | #DIV/0! |
| LT&T | | | 0 | | #DIV/0! |
| Repairs and Maintenance | | | 0 | | #DIV/0! |
| Academic improvement | 579,856.00 | | 579,856 | 579,856 | #DIV/0! |
| Medical | | | 0 | | 100.0% |
| Activity | | | 0 | | #DIV/0! |
| NSSF | | | 0 | | #DIV/0! |
| uniform | 303,350.00 | | 303,350 | 303,350 | #DIV/0! |
| Rent income | | | 0 | | 100.0% |
| | | | | | #DIV/0! |

AMALO SECONDARY SCHOOL
 Reports and Financial Statements For the year ended 30th June 2021

| PAYMENTS FOR OPERATIONS | | | | | | #DIV/0! |
|------------------------------------------|--------------|--|--|-----------|-----------|---------|
| EWC | 2,520,800 | | | 0 | | #DIV/0! |
| IT@T | 1,466,400 | | | 2,520,800 | 95,850 | 3.8% |
| RMI | 1,508,000 | | | 1,466,400 | 485,210 | 33.1% |
| Personal emolument | 4,604,000 | | | 1,508,000 | 214,130 | 14.2% |
| Administration | 1,257,600 | | | 4,604,000 | 2,187,690 | 47.5% |
| Activity | 1,004,800 | | | 1,257,600 | 586,374 | 46.6% |
| creditors | 1439200 | | | 1,004,800 | 24,820 | 2.5% |
| infrastructure Grant -MOE | | | | 1,439,200 | 1,056,040 | 73.4% |
| Bank charges | | | | 0 | | #DIV/0! |
| Inter Account Borrowing-TUITION | | | | 0 | | #DIV/0! |
| TOTALS | 13,800,800 | | | 0 | 4,650,114 | 33.7% |
| BOARDING AND SCHOOL FUND PAYMENTS | | | | | | #DIV/0! |
| Subsidy | 1,837,425.00 | | | 1,837,425 | 1,837,425 | 100.0% |
| Personnel emoluments | 3,200,000 | | | 3,200,000 | 1,105,680 | 34.6% |
| Academic improvement | 1,680,000 | | | 1,680,000 | 1,094,925 | 65.2% |
| Repairs and maintenance & improvements | 1,120,000 | | | 1,120,000 | 160,000 | 14.3% |

AMALO SECONDARY SCHOOL
 Reports and Financial Statements For the year ended 30th June 2021

| | | | | |
|-------------------------------------------------------|-------------------|-------------------|-------------------|--------------|
| Electricity and water | 2,760,000 | 2,760,000 | 176,000 | 6.4% |
| uniform | | 0 | 314,590 | #DIV/0! |
| Administration costs | 1,680,000 | 1,680,000 | 347,650 | 20.7% |
| borrowings -infra | 1,040,000 | 1,040,000 | | 0.0% |
| Bank Charges | | 0 | | #DIV/0! |
| Expenses on Income generating activity | | | | |
| Expenses on Income Generating Activities(school farm) | | 0 | | #DIV/0! |
| Fee on Boarding Equipment and Stores | 17,600,000.00 | 17,600,000 | | 0.0% |
| Creditors | | 2,981,410.00 | 2,981,410 | 100.0% |
| Damages | | 7,300.00 | 7,300 | 100.0% |
| nssf | | 262,250.00 | 262,250 | 100.0% |
| borowings-tuition | | 0 | | #DIV/0! |
| TOTAL | 30,917,425 | 34,168,385 | 12,937,344 | 37.9% |

- ii. The government fund had not been fully disbursed
- iii. Fees payment from the parents was below 70%
- iii. The collection from parents and government disbursement was half year

Notes To The Financial Statements (Continued)

IX. SIGNIFICANT ACCOUNTING POLICIES

The principle 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* recognizes 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* recognizes 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.

5. **Accounts Receivable**
For the purposes of these financial statements, impress and advances to authorized 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 impress payments are recognized as expenditure when fully accounted for by the impress or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.
6. **Accounts Payable**
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.
7. **Non-current assets**
Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.
8. **Budget**
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *school's* budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.
9. **Comparative figures**
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.
10. **Subsequent events**
There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

| | 2021 | 2020 |
|-----------------------------------|---------------------|------|
| | Kshs | Kshs |
| Textbooks and reference materials | | |
| Exercise books | | |
| Laboratory equipment | | |
| Internal exams | | |
| Teaching / learning materials | 682,034.00 | |
| Chalks /Tuition | 679,845.00 | |
| Inter-account borrowing-operation | 700,000.00 | |
| Borrowing -boarding | 60,000.00 | |
| Total | 2,121,879.00 | |

2 CAPITATION GRANT FOR OPERATIONS

| | 2021 | 2020 |
|------------------------------|---------------------|---------------------|
| | Kshs | Kshs |
| Personnel emoluments | 1,590,200.00 | 1,590,200.00 |
| Repairs and maintenance | 2,665,500.00 | 2,665,500.00 |
| Local transport / travelling | 513,100.00 | 513,100 |
| Electricity and water | 513,100.00 | 513,100 |
| Interborrowing | 1,390,000.00 | 1,390,000.00 |
| Administration costs | 507,746.00 | 507,746 |
| Activity | | |
| Total | 7,180,646.00 | 7,180,646.00 |

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

| | 2021 | 2020 |
|------------------------------|---------------------|------|
| | Kshs | Kshs |
| Personnel emoluments | 1,104,835.00 | |
| Repairs and maintenance | 702,660.00 | |
| Local transport / travelling | 353,360.00 | |
| Electricity and water | 1,188,784.00 | |
| Medical | 60,060.00 | |
| Administration costs | 656,531.00 | |
| Bursary fund | 1,833,425.00 | |
| Activity | 265,425.00 | |
| Total | 5,500,840.00 | |

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

| | 2021 | 2020 |
|--------------------------------------|---------------------|------|
| | Kshs | Kshs |
| Fee on Boarding Equipment and Stores | 6,058,165.00 | |
| Admin cost | 656,531.00 | |
| Personal emolument | 1,104,835.00 | |
| Bursary funds | | |
| NSSF | | |
| Income from Bus Hire | | |
| Fee for hire of ground and equipment | | |
| Income from grants and donations* | | |
| Damages | | |
| Uniform | | |
| Total | 7,819,531.00 | |

5. CAPITATION GRANT FOR TUITION-PAYMENTS

| | 2021 | 2020 |
|-----------------------------------|---------------------|------|
| | Kshs | Kshs |
| Textbooks and reference materials | 1,350.00 | |
| Exercise books | | |
| Laboratory equipment | | |
| Internal exams | | |
| Teaching / learning materials | 204,900.00 | |
| Chalks /Tuition | 50,275.00 | |
| Creditors | 2,285,271.00 | |
| Teachers guides | | |
| Total | 2,541,796.00 | |

6. CAPITATION GRANT FOR OPERATIONS -PAYMENT

| | 2021 | 2020 |
|------------------------------|---------------------|------|
| | Kshs | Kshs |
| Personnel emoluments | 2,187,690.00 | |
| Repairs and maintenance | 214,130.00 | |
| Local transport / travelling | 485,210.00 | |
| Electricity and water | 95,850.00 | |
| Medical | 87,893.00 | |
| Administration costs | 586,374.00 | |
| Bank charges | 11,015.00 | |
| Creditors | 1,056,040.00 | |
| Operation-tuition | 700,000.00 | |
| School fund -operation | 650,000.00 | |
| Activity | 24,820.00 | |
| Total | 6,099,022.00 | |

7. SCHOOL FUND ACCOUNT -PAYMENTS

| | 2021 | 2020 |
|------------------------------|--------------|-----------|
| | Kshs | Kshs |
| Personnel emoluments | 1,105,680.00 | 1,105,680 |
| Repairs and maintenance | 160,000.00 | 160,000 |
| Local transport / travelling | | |
| Electricity and water | 176,000.00 | 176,000 |
| Inter-borrowing -operation | 1,390,000 | |
| Bursary funds | 1,837,425.00 | |

| | | |
|-----------------------------------|----------------------|---------|
| Academic imp. | 1,094,925 | |
| Uniform | 314,590.00 | |
| Inter-borrowings -infra | 510,000.00 | |
| Bank charges | 12,000.00 | |
| Income generating-farm | 70,000.00 | |
| Boarding and Equipment and stores | 2,592,434.00 | |
| Bus hire | 73,300.00 | |
| Damages | 7,300.00 | |
| NSSF | 262,250.00 | |
| Creditors | 2,981,410.00 | |
| Administration costs | 247,650.00 | 247,650 |
| NSSF | 150,000.00 | |
| TOTALS | 12,894,964.00 | |

8 .BANK ACCOUNTS

| Name of Bank, Account No. & currency | Bank Account Number | As at 30 th June 2021 | As at 30 th June 2020 |
|----------------------------------------|---------------------|----------------------------------|----------------------------------|
| | | Kshs | Kshs |
| Tuition Account | 0090100000039 | 392628.00 | |
| Operations Account | 0090100000055 | 37,406.00 | |
| School Fund Account/Boarding | 0090100000096 | 12,796.00 | |
| Savings Account | 0090230001502 | 56,724.00 | |
| Parent Association Development Account | — | | |
| Income generating activities Account | — | | |
| Infrastructural Account | 00901500000137 | | |
| Total | | 499,520 | |

9 CASH IN HAND

| Description | As at 30 th June 2021 | As at 30 th June 2020 |
|---------------------|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Tuition Account | 6,475.00 | |
| Operation Account | 5,315.00 | |
| School Fund account | 25,103.00 | |
| Total | 36893.00 | |

10 Short Term Investments

| Description | As at 30 th June 2021 | As at 30 th June 2020 |
|--------------------|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Cooperative shares | — | — |
| Treasury Bills | — | — |
| Fixed deposit | — | — |
| Equity stock | — | — |
| Other investments | — | — |
| Total | — | — |

11 ACCOUNTS RECEIVABLE

| Description | As at 30 th June 2021 | As at 30 th June 2020 |
|----------------------------|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Fees arrears | 3,204,829 | 4,770,874 |
| Other non-fees receivables | — | — |
| Salary advances | — | — |
| Imprest | — | — |
| Total | 3,204,829 | 4,770,874 |

12 ACCOUNTS PAYABLE

| Description | As at 30 th June 2021 | As at 30 th June 2020 |
|-------------------------------------------------|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Fees arrears for current year | 1,166,755.00 | 3,813,594.00 |
| Fees arrears for the previous year | 3813594.00 | — |
| Fees recovered | (1,566,045.00) | — |
| Fees arrears for prior periods (over two years) | 957,280.00 | 957,280.00 |
| Total | 3,204,829.00 | 4,77,874.00 |

| Description | As at 30 th June 2021 | As at 30 th June 2020 |
|---------------------------------------------------|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Trade creditors (See ageing below and appendix 1) | — | 3,813,594.00 |
| Prepaid fees | 1,166,755.00 | — |
| Retention monies | — | — |
| Total | 7,489,476.00 | 9,477,209.00 |

MOI-AMALO SECONDARY SCHOOL
 Reports and Financial Statements For the year ended 30th June 2021

| Description | As at 30 th June 2021 | As at 30 th June 2020 |
|----------------------------------------------------|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Trade creditors for current year | 6,322,721.00 | 9,477,209.00 |
| Trade creditors for the previous year | (9,477,209.00) | |
| Trade creditors for prior periods (over two years) | 9,477,209.00 | |
| Total | 6,322,721.00 | 9,477,209 |

13 FUND BALANCE BROUGHT FORWARD

| Description | As at 30 th June 2021 | As at 30 th June 2020 |
|---------------|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Bank balances | (282,423) | |
| Cash balances | 153,410.00 | |
| Receivables | 3,204,829.00 | |
| Payables | 6,322,721.00 | |
| Total | (3,246,905.00) | |

Other 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 | As at 30 th June 2021 | As at 30 th June 2020 |
|------------------------------|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Bank loan(s) | — | — |
| Outstanding Leases | — | — |
| Hire purchase | — | — |
| Gratuity and leave provision | — | — |
| Total | — | — |

15 Biological assets

| Description | Number | As at 30 June 2021 | As at 30 June 2020 |
|--------------------------|--------|--------------------|--------------------|
| | | Kshs | Kshs |
| Cattle | | – | 19 |
| Goats | | – | 0 |
| Trees | | – | 1000 |
| Coffee or tea plantation | | – | 0 |
| Poultry | | – | 0 |
| Total | | | N/A |

Other important disclosure notes

16. Borrowings

| Description | 2021-2022 | 2020-2021 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| a) Borrowings | | |
| Borrowing at beginning of the year | - | - |
| Borrowings during the year | - | - |
| Repayments of during the year | - | - |
| Balance at end of the year | 0 | 0 |

17. Stock/ Inventory

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| b) Inventory | | |
| Stock/ inventory at beginning of the year | | |
| Stock/ inventory purchased during the year | | |
| Stock/ inventory issued during the year | | |
| Balance at end of the year | | |

16 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

| Supplier of Goods or Services | Original Amount | Debit Contracted | Amount Paid to Date | Outstanding Balance 2020 | Outstanding Balance 2021 |
|----------------------------------|-----------------|------------------|---------------------|--------------------------|--------------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Construction of buildings | | | | | |
| 1. N/A | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| Sub-Total | | | | | |
| Supply of goods | | | | | 7,489,4 |
| 4. Creditors | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| Sub-Total | | | | | 7,489,4 |
| Supply of services | | | | | |
| 7. N/A | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| Sub-Total | | | | | |
| Grand Total | | | | | 7,489,4 |