REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

ST. JOSEPH MKUNGI SECONDARY SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2025

NYANDARUA COUNTY

ST JOSEPH MKUNGI SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

Transitional Financial Statements Prepared under the International Public Sector Accounting Standards (IPSAS)

Table of Contents

1. Acronyms and Glossary of Terms

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

2. Key School Information and Management

(a) Background information

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

The school was registered in 15 feb 1989 under registration number 18-S-00301-0878 and is currently categorized as a Extra county public school established, owned or operated by the Government.

The school is a day/boarding school and had 250 number of students as at 30 June 2025 It has 2 streams and 15teachers of which 3 teachers are employed by the School Board of Management.

(b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	Simon Thairu	Chairman	2022
2	Simon Mbugua	Secretary - Principal	2022
3	Samuel Muchai	Member	2025
4	Stephen Kememia	Member	2025
5	Daniel Macharia	Member	2025
6	Teresiah Wakiuru	Member	2025
7	Grace Wanjiku	Member	2025
8	Regina Wanjiru	Member	2025
9	Simon Gacheru	Member	2025
10	Annastacia Wairimu	Member	2025
11	Raphael Mathu	Member	2025
12	Paul Karaya	Member Special Needs	2022
13	Samuel Wanderi	Member	
14	Teresiah Wamuchi	Member	2025
15	Stephen Kimiti	Member	2025
16	Grace Njeri	Member	2025
17	John Mwangi	Deputy	2022

The functions of the School Board of Management are to:

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

(c) **Committees of the Board**

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1.Simon Mbugua 2.Simon Thairu 3.Daniel Macharia 4.Teresa Gachagua 5Teresa Wamucii	Principal BOM sec BOM chair Member Member Member	
2	Audit Committee	1.Simon Thairu 2.Stephen Kimemia 3. Daniel Kamau 4.Stephen Kimiti		
3	Finance,procurement and general purposes Committee	1.Simon Thairu 2.Simon Mbugua 3.Stephen Kimemia 4.Daniel Kamau	Member Member Member Member	1

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
		5.Stephen Kimiti		
4	Academic Committee	1.Samuel Wanderi	Member	1
		2.Raphael Mathu	Member	
		3.Regina Muchmi	Member	
		4.Grace W Kamau	Member	
		5.Paul Karaya	Member	
		6.Grace Njeri	Member	
5	Development Committee	1 Stephen Kimiti	Member	
		2.Simon Mbugua	Member	
		3 Simon Thairu	Member	
		4Stephen Kimemia	Member	
6	Discipline and welfare Committee	1.Samuel Nyoike	Member	1
		2.Alice Murithi	Member	
		3.Teresiah Gachagua	Member	
		4.Simon Gacheru	Member	
		5.Annastacia Matu	Member	

(d) School operation Management

For the financial year ended 30th June 2025 the School day-to-day management was under the following persons:

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

(e) Schools contacts

Post Office Box: 234,North Kinangop
Telephone: 0119717761
E-mail: mkungicenterofexellence gmail.com

(f) School Bankers

Provide details of the school bankers.

Name of Bank: KCB
Branch Njabini

Main Account 1104232197
Operations Account 1104242982
ESP Account 1114708445
Tuition Account 1104243466

Name of Bank Muki sacco
Branch Ndunyu Njeru acc 0110-001-01663

Equity bank Engineer branch CDF 1900282237255

(g) Independent Auditors

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

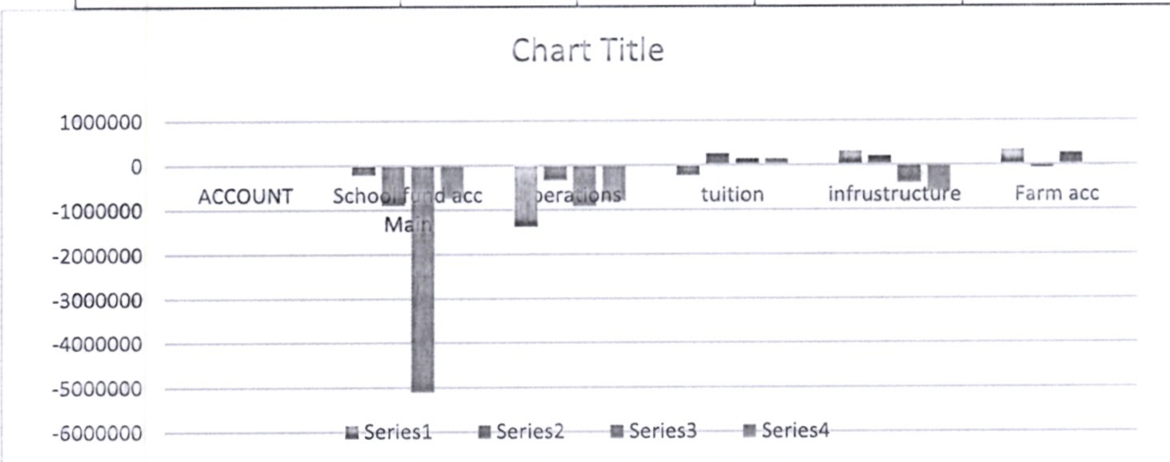
3. **Summary Report of Performance of The School**

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

a) **Financial Performance:**

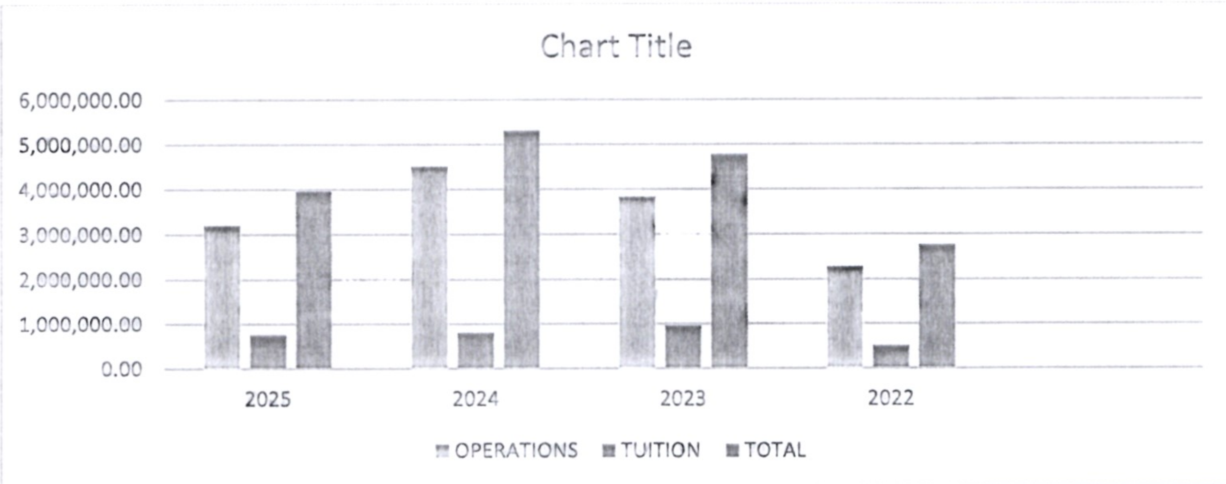
i). Surplus/ Deficit

ACCOUNT	2025	2024	2023	2022
School Fund Account	29,246	1,576,616	(2,364,948)	1,138,006
Operations	-914,600	368,580	(924,780)	(204,322)
Tuition	-239,549	253,289	(49,860)	(131,586)
Infrastructure	-131,085	269,360	413,525	(597,362)
Farm Account	359,382	255,498	258,950	(35,393)
CDF				77,615
Surplus/deficit	(896,606)	2,723,343	(2,666,133)	103,343



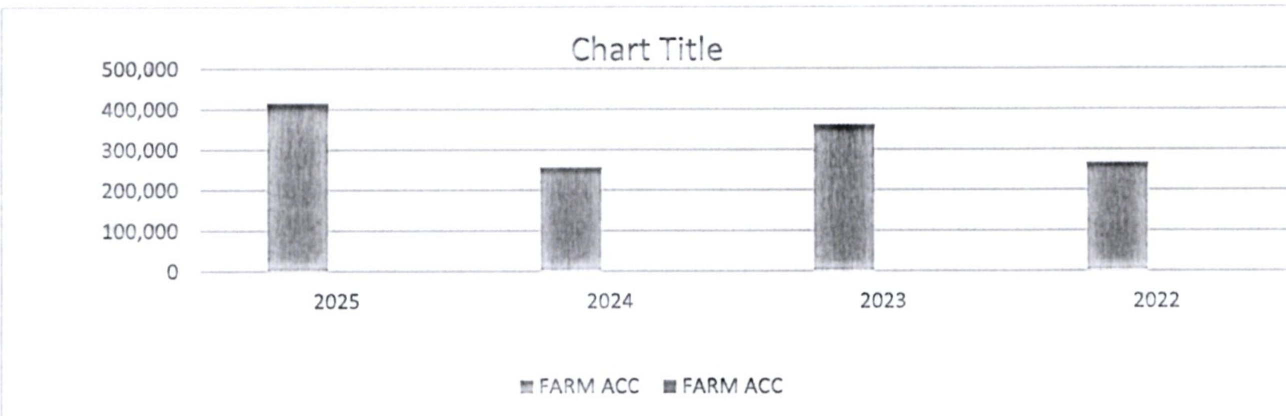
ii). Capitation grants from the Ministry of Education for the last three years

	2025	2024	2023	2022
Operations	3,224,809	3,879,442	3,834,598	4,189,299
Tuition	762,880	799,379	870,286	952,877
Infrastructure	496,000	634,000	1,772,000	2,769,900
Total	**4,485,714**	**5,312,821**	**6,476,884**	**7,912,076**



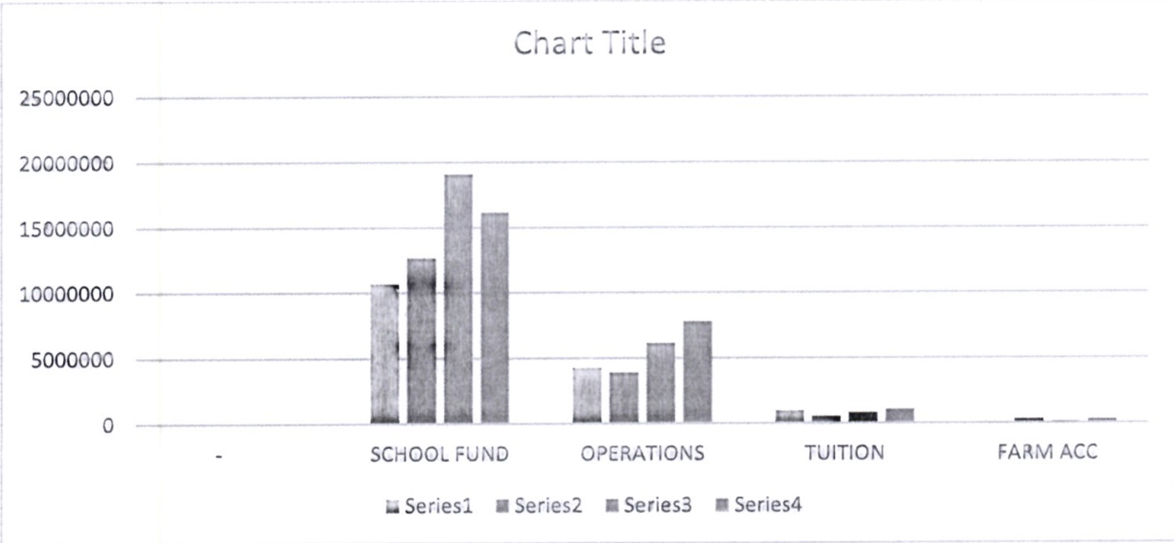
iii). Three-year overview of growth of school farm account

	2025	2024	2023	2022
Farm Account	415,350	255,493	361,435	277,332



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

	2025	2024	2023	2022
School Fund	10,691,963	12,589,293	16,954,570	14,069,284
Operations	4,139,409	3,510,862	4,759,378	439,361
Tuition	1,002,429	546,090	919,149	1,084,463
Farm Account	55,968	325,370	102,485	302,725



b) **Teacher Student Ratio**

	Male	Female	Total
No of TSC teachers	8	4	12
No of BOM teachers	3	0	3
Total	**15**	4	**15**

No of students 250

250/15

Ratio of 1:16

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

Year	Mean	Target	Comment
2022	5.521	6.0	Positive deviation of 0.119 from the previous year
2023	5.122	6.0	Negative deviation of 0.399
2024	5.119	6.0	Deviation of 0.003

d) **Number of Candidates in the 2024 KCSE:**

Year	No of Students
2022	69
2023	49
2024	84

e) **Capacity of the School:**

Description	No of Rooms	Capacity	Enrolment
Dormitories	3	600 students	250
Laboratories	2	50 students	250
Toilets	24	600 students	250
Classes	12	600 students	250
Dining hall	1	600 students	250

f) **Development projects carried out by the school:**

Development projects carried out in the year

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Purchase of computers	MOE	COMPLETE	100,000	100,000	
Installation of wifi	MOE	complete		70,000	
Purchase of laboratory stools	MOE			100,000	
Tiling of chemistry laboratory	MOE			352,750	

CHIEF PRINCIPAL
ST. JOSEPH MKUNGI SEC. SCHOOL
(CENTRE OF EXCELLENCE)
P.O. Box 234-20318, NORTH KINANGOP
Date: 2/04/26 Sign: ....

School Principal

4. Statement of School Management Responsibility

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

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

The Board of Management of St joseph mkugi secondary accepts responsibility for the school's financial statements, which have been prepared on the Transitional Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS), using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30 June, 2025, and of the school's financial position as at that date.

....

Name: Simon Thairu

Designation: Chairman, School Board of Management

Date: 20/4/26.

....

Name: Simon Mbugua

Designation: School Principal & Secretary to Board of Management

Date: 20/04/2026

....

Name: Irene Njeri

Designation: Bursar

Date: 20/4/2026.

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
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OFFICE OF THE AUDITOR-GENERAL
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ST. JOSEPH MKUNGI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 - NYANDARUA COUNTY

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of St. Joseph Mkungi Secondary School set out on pages 1 to 13 which comprise of the statement of assets and liabilities as at 30 June, 2025, and the statement of financial performance, statement of cash flows, statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of St Joseph Mkungi Secondary School as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Public Finance Management Act, 2012, the Basic Education Act, 2013 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Inaccuracies of the Financial Statements

The statement of financial performance reflects Boarding and school fund payments amounting to Kshs.10,747,931 which differs with the supporting ledger amount of Kshs.10,691,963 resulting in an unexplained variance of Kshs. 55,968. Further, the statement of assets and liabilities reflects accounts receivables balance of Kshs.2,819,946 which differs with the supporting ledger balance of Kshs.1,734,092 resulting in an unexplained variance of Kshs.1,085,854.

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

2. Unsupported Accounts Payables

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

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

3. Unsupported Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents bank balances of Kshs.1,589,762 as disclosed in Note 10 to the financial statements. Included in this is School Fund account balance of Kshs.493,120 which differs with the cashbook over drawn balance of Kshs.499,435 resulting in an unreconciled variance of Kshs. 992,555. Further, the certificate of bank balance reflects Kshs.801,024. However, no reconciliation between the cashbook and bank balances was provided. In addition, the total bank balance includes, operations account balance of Kshs.4,277. Review of the bank reconciliation for the month of June, 2025 revealed unpresented cheques amounting to

Kshs.17,249 which was not supported with the detailed list. Further, the bank balances also include a SACCO account balance of Kshs.447,196 which was not supported by a cash book or bank reconciliations.

In the circumstances, the accuracy, completeness, existence of cash and cash equivalents bank balances of Kshs.1,589,762 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Significant Exemptions by PSASB in the Financial Reporting Template

The financial statements have been prepared using the FY 2024/2025 reporting template issued by the Public Sector Accounting Standards Board (PSASB). As communicated by PSASB on 25 February 2026, the template was designed to facilitate a phased transition to accrual-based IPSAS for public secondary schools and, therefore, does not include certain statements and disclosures required under the full IPSAS transition. These omissions include the Opening Statement of Financial Position, the Statement of Changes in Net Assets/Equity, detailed disclosures of transitional provisions under IPSAS 33, and a reconciliation of budgeted amounts to actual accrual amounts. The absence of these elements arises from limitations inherent in the prescribed template and does not constitute non-compliance on the part of the School.

Other Information

The Board of Management is responsible for the Other Information set out on page iii to xi which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the School's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unconfirmed Students Enrolment Data

Comparison of data from National Education Management and Information System (NEMIS) with the school's enrollment records revealed inconsistencies during the financial period ending 30 June, 2025. NEMIS reflected a total of two hundred and forty-six (246) students while the school records indicated a total of three hundred and fifty (250) students, resulting in an unexplained variance of four (4) students. This has been attributed to delays in updating learner transfers in the NEMIS system. This was contrary to the Ministry of Education Circular MOE.CONF/G5 dated 26 November, 2019 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure accuracy of the records.

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

2. Failure to Transfer Infrastructure Funds from Operations Bank Account

During the year under review, the School received capitation grants amounting to Kshs.3,720,809 from the Ministry of Education credited in to the operations account. Included in the amount is Kshs.926,930 in respect of infrastructure grants which was to be transferred to infrastructure bank account for maintenance and improvement of the school's facilities. However, only Kshs.496,000 was transferred to infrastructure account, leaving a balance of Kshs.430,930 not transferred as at 30 June, 2025. This was contrary to the Ministry of Education Circular Ref. MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account within fifteen (15) days upon receipt of the funds in the operations account.

In the circumstances, Management was in breach of the ministry's guidelines.

3. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of financial performance reflects boarding and school fund payments amount of Kshs.10,747,931 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.904,400 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.904,400 could not be confirmed.

4. Ineffectiveness in Management of Textbooks

Review of the School's text books management system revealed there was no record of total number of text books supplied to the school, issued for use and the balance at the library. This was contrary to Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer to ensure that proper control systems to eliminate losses of public goods.

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

5. Inadequate School Infrastructure and Facilities

Audit inspection of the School's infrastructure and facilities revealed that the School had an incomplete storey building whose roof slab leaks during rainy season making the classrooms beneath unfit for occupation. In addition, the storey buildings which include classrooms and dormitories have no access ramps for learners with disabilities.

In the circumstances, the state of infrastructure exposes learners to safety and health risks, undermines provision of a conducive learning environment.

6. Lack of a Functional Procurement Unit

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

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

7. Non-Deduction of Capacity Building Levy

The statement of receipts and payments reflects total payments of Kshs.16,516,854. Review of the annual procurement plan and other procurement records revealed that the

School procured goods and services at an estimated cost of Kshs.9,998,439 during the financial year under review. However, there was no evidence that the School deducted the Public Procurement Capacity Building Levy of 0.03% on the contracts, contrary to the Levy Order 2023 issued by the Public Procurement Regulatory Authority.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

1. Weaknesses in the Accounting System

Audit review of the School's accounting system revealed that it does not support double-entry accounting and was incapable of generating accounting records such as ledgers, financial reports and does not support bank reconciliation. Further, the payment vouchers used during the year were not pre-numbered making it difficult to track the accountable documents and also lacked details of preparer of the payment. In addition, the School had not implemented key supporting documents such as requisition forms, store receipts and issuance forms nor maintained stock cards for recording inventories.

In the circumstances, the existence of an effective accounting system could not be confirmed.

2. Lack of an Internal Audit Function

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

In the circumstances, the existence of an effective oversight mechanisms could not be confirmed.

3. Long Outstanding Accounts Receivables

The statement of assets and liabilities reflects accounts receivable balance of Kshs.2,819,946 as disclosed in Note 12 to the financial statements. Review of the ageing analysis, revealed that fees arrears amounting to Kshs.361,665 remained outstanding for over two years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

In the circumstances, the existence of effective mechanisms for debt management could not be confirmed.

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

Responsibilities of the Management and those charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 May, 2026

6. Statement of Financial Performance for the Year Ended 30 June 2024

Description Of Vote Head	Note	2024/2025	2023-2024
		KSH	KSH
Receipts			
Government grants for tuition	1	762,880	799,379
Government grants for operations	2	3,224,809	3,879,442
Government Grants for infrastructure	3	496,000	634,000
School fund income- parents' contributions	4	10,721,209	14,009,773
Miscellaneous incomes	5	415,350	255,498
Total Receipts		**15,620,248**	**19,548,092**
Payments			
Tuition	6	1,002,429	546,090
Operations	7	4,139,409	3,510,862
Infrastructure	8	627,085	364,640
Boarding and school fund	9	10,747,931	12,589,293
Total Payments		**16,516,854**	**17,010,885**
Deficit / Surplus		(896,606)	2,567,207

The school financial statements were approved on ……27/8/2025……………………and signed by:

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

…………………………	…………………………	…………………………
Name: Simon Thairu	**Name: Simon Mbugua**	**Name: Irene Mbugua**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar**
Date: 20/4/26.	**Date:** 20/04/2026	**Date:** 20/4/2026.

7. Statement of Assets and Liabilities as at 30 June 2025

Description	Note	2024-2025	2023-2024
Financial Assets			
Cash and cash equivalents			
Bank balances	10	1,589,762	2,889,044
Cash balances	11	83,235	49,389
Total cash and cash equivalent		**1,672,997**	**2,938,433**
Account's receivables	12	2,819,946	2,451,116
Total financial assets		4,492,943	**5,389,549**
Financial liabilities			
Accounts payables	13	(624,650)	(624,650)
Net financial assets		**3,868,293**	4,764,899
Represented By			
Accumulated fund b/fwd	14	4,764,899	2,197,692
Surplus/deficit for the year		(896,606)	2,567,207
Net financial position		**3,868,293**	**4,764,899**

The school's financial statements were approved on ....27/8/2025........................ and signed by:

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

....	....	....
Name: Simon Thairu	Name: Simon Mbugua	Name: Irene Njeri
Chair BOM	School Principal/ Secretary to BOM	Bursar
Date: 20/4/26.	Date: 20/04/2026	Date: 20/4/2026.

8. Statement of Cash Flows for the Year Ended 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Receipts			
Capitation grants for tuition	1	762,880	799,379
Capitation grants for operations	2	3,224,809	3,879,442
Capital Grants for infrastructure	3	496,000	634,000
School fund income- Parents contributions/ fees	4(a)	10,352,379	14,166,187
School fund income- other receipts	5	415,350	255,493
Total receipts		15,251,418	19,734,501
Payments			
Payments for Tuition	6	1,002,429	546,090
Payments for operations	7	4,139,409	3,510,862
Payments for infrastructure	8	627,085	364,640
Boarding and school fund payments	9	10,747,931	12,589,293
Total payments		16,516,854	17,010,885
Net cash flow from operating activities		**-1,265,436**	**2,723,616**
Net Increase in Cash and Cash Equivalents		-1,265,436	2,723,616
Cash and cash equivalent at BEGINNING of the year		2,938,433	214,817
Cash and cash equivalent at END of the year		1,672,997	2,938,433

The school's financial statements were approved on ……27/8/2025…………………… and signed by:

CHIEF PRINCIPAL
ST. JOSEPH MKUNGI SEC. SCHOOL
(CENTRE OF EXCELLENCE)
P.O. Box 734-20318, NORTH KINANGOP

…………………………	…………………………	…………………………
Name: Simon Thairu	**Name: Simon Mbugua**	**Name: Irene Mbugua**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar**
Date: 20/4/26	**Date:** 20/04/2026	**Date:** 20/4/2026

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 June 2025

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					
Teaching / Learning Materials	1,193,472	0	1,193,472	762,880	63%
(2) Capitation Grant on Operations					
Medical/insurance	576000	0	576,000	277,840	0%
Others(ewc p.e l.t.t a.d.m)	2,995,200	0	2,995,200	1,809,909	135%
Activity	432,000	0	432,000	183,220	0%
3) FDSE for infrastructure					
Maintenance &Improvement MoE	1,152,000	0	1,152,000	496,000	
(4) Fees Charged on Parents					
PE /EWC/LTT/ADM	3,115,350	0	3,444,300	1,902,153	55%
Repairs And Maintenance	483,000	0	534,000	321,296	60%
Activity	60,375	0	60,375	48,256	80%
SMASSE					
Fee On Boarding Equipment and Stores	6,827,977	309,000	7,136,977	7,150,826	88%
5) Miscellenous Income					
Income From Farming Activities				415,350	
Total Income	**16,892,974**	309,000	**17,201,974**	**14,848,462.20**	86%
(6) Expenditure For Tuition					
Textbooks					
Reference Materials	1,253,200	0	1,253,200	1,000,850	80%

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
Bank Charges	3,000	0	3,000	1,579	52%
(7) Expenditure For Operations					
PE,L.T.T,EWC,ADM	2,995,200	0	2,995,200	2,770,687	93%
Repairs, Maintenance & Improvements	1,152,000		1,152,000	627,085	54%
Medical	576,000	0	654,000	266,929	41%
Administration Costs					
Activity Expenses	432,000	0	432,000	505,160	117%
Gratuity					
SMASSE	65,400	0	65,400		
charges	3,000	0	3,000	2,671	89%
(8) Expenditure For infrastructure					
(9) Expenditure For school fund/lunch/boarding					
PE/EWC/ADM/LTT	3,115,350	0	3,115,350	2,429,865	78%
Repairs, Maintenance and Improvements	483,000	0	483,000	83,079	17%
Activity	60,375	0	4923,75	212,120	43%
Boarding Equipment and Stores	9,412,495	0	9,412,495	7,865,344	84 %
Bank Charges	10000	0	10000	9613	96%
farm				85,555	
Totals	**19,561,020**	**0**	**19,561,020**	**15,355,377**	**78%**

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

i

10. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

Statement of Compliance

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The entity has taken advantage of the transitional provisions under IPSAS 33, and therefore, these first-year financial statements are transitional financial statements. The following have not been accounted for in the first year of adoption; Inventory and Fixed Assets, which shall be accounted in the next two years.

Basis of Preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified. Under an accrual basis, revenues are recognized when rights to assets are earned or levied rather than when cash is received, and expenses are recognized when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

The school recognizes all revenue from various sources when earned and all expenses when incurred.

The capitation grants include recurrent and development grants. Recurrent capitation are recognised in the statement of financial performance while development grants are recognised in the statement of financial position after meeting the revenue recognition criteria. The conditional grants will be recognised as revenue upon fulfilment of the set conditions.

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. **Accounts Receivable**

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

6. **Accounts Payable**

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

7. **Non-current assets**

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

8. **Budget**

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

9. **Comparative figures**

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

10. **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2025

11. Notes To The Financial Statements

1 Government Grants for Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Teaching / Learning Materials	762,880	799,379
Total	762,880	799,379

2 Government Grants for Operations

Description	2024-2025	2023/2024
	Kshs	Kshs
Medical	277,840	
Repair and maintenance	926,930	
Activity	183,220	
Other Vote Heads (specify)*moe	1,836,819	3,879,442
Total	3,224,809	3,879,442

3 Government Grants for infrastructure

Description	2024/2025	2023/2024
	Kshs	Kshs
Maintenance & Improvement	496,000	634,000
Total	496,000	634,000

4 School Fund Income - Parents Contribution/Fees

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel emoluments	1,298,678	
Repairs and maintenance	321,296	474,804.00
Local transport / travelling	1,902,153	
Administration costs		3,032,891.00
Activity	48,256	59,392.00
Fee on Boarding Equipment and stores	7,150,826	10,442,686
Total	10,721,209	14,009,773

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Reported in statement of receipts and payment	10,721,209	14,009,773
Increase/ Decrease in fees arrears	(368,830)	156,414
Total	10,352,379	14,166,187

5 Miscellaneous Incomes

Description	2024/2025	2023/2024
	Kshs	Kshs
Income From Farming Activities	415,350	255,498
Total	**415,350**	**255,498**

6 Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Teaching / Learning Materials	1,000,850	546,090
Bank Charges	1,579	
Total	1,002,429	546,890

7 Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments		2,982,646
Administration Costs		43,450
Repairs And Maintenance & Improvements	497,793	
Others(e.w.c l.t.t p.e a.d.m)	2,770,687	
Electricity And Water		107,479
Activity Expenses	604,000	374,000
Insurance Cost	266,929	
Others (specify) bank charges		3,287
Total	4,139,409	3,510,862

8 Infrastructure

Description	2024/2025	2023/2024
	Kshs	Kshs
Repair and maintenance	627,085	364,640
Total	627,085	364,640

9 Boarding And School Fund

Description	2024/2025	2023/2024
	Kshs	Kshs
Repairs And Maintenance & Improvements	83,079	544,670
Others (A.d.m p.e l.t.t e.w.c)	2,429,865	3,317,608
Bank Charges		12,667
Fee On Boarding Equipment and Stores	7,858,957	7,633,531
Activity	212,120	755447
Charges	9,613	
Others	98,329	325,370
Expenses on farm	55,968	
Total	10,747,931	12,589,293

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2024/2025	
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	1104243466	15,880	255,632
Operations Account	Active	1104242982	4,277	945,788
School Fund Account/Boarding	Active	1104232197	493,120	671,282
MUKI SACCO	Active	0110-001-01663	447,196	255,092
CDF	Dormant	1900282237255	77,615	77,615
Infrastructural Account	Active	1114708445	551,674	683,635
Total			1,589,762	2,889,044

11 Cash In Hand

Description	2024/2025	2023/2024
	Kshs	Kshs
Notes and Coins	83,235	49,389
Total	83,235	49,389

12 Accounts Receivable

Description	2024/2025	2023/2024
	Kshs	Kshs
Fees Arrears	2,819,946	2,451,116
Total	2,819,946	2,451,116

12 b Ageing Analysis of Accounts Receivable

Description	2024/2025 Kshs		2023/2024 Kshs	
		% of the total		% of the total
Less than 1 year	890,238	69%	563,890	3.6%
Between 1- 2 years	1,568,043	4.6%	929,500	54%
Between 2-3 years	250,680	22%	538,984	11.4%
Over 3 years	110,985	4.4%	418,742	30%
Total (should tie to note 13 a)	2,819,946	100%	2,451,116	100%

13 Accounts Payable

Description	2024/2025	2023/2024
	Kshs	Kshs
Retention Monies	624,650	624,650
Total	624,650	624,650

13a. Ageing Analysis of Accounts Payable

Description	2024-2025 Kshs		2023-2024 Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Over 3 years	624,650	%	624,650	

14 Fund Balance Brought Forward

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank Balances	2,889,044	116,038
Cash Balances	49,389	98,779
Receivables	2,451,116	2,607,525
Payables	(624,650)	(624,650)
Total	**4,764,899**	**2,197,692**

Other important disclosure notes

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

15 Biological assets

Description	Numbers	2023/2024	Insert Current 2023/2024
		Kshs	Kshs
Cattle	11	350,000	280,000
Goats	19	104,500	120,000
Trees	220	150,000	150,000
Total		604,500	550,000

16 Stock/ Inventory

Description	2024-2025	2023-2024
	Kshs	Kshs
Food stuffs	358,960	462,800
Lab consumables	214,196	120,360
stationery	45650	95,450
	618,806	678,610

17 Progress On Follow Up of Auditor Recommendations

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

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

Sign and Date
Principal

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2025	Outstanding Balance 2024	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
1. Retained money	624,650			624,650	624,650	

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1st July 2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2023
Land	6,000,000			6,000,000
Buildings And Structures	18,500,000			18,500,000
Office Equipment, Furniture And Fittings	890,000			890,000
ICT Equipment	370,000			370,000
Tools And Apparatus	1,091,560			1,091,560
Other Machinery And Equipment	495,000			495,000
Intangible Assets- Soft Ware	195,000			195,000
Total	27,541,560			27,541,560