

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 19 JUN 2025

DAY.
Thursday

OF

TABLED
BY:

Hon. Silvanus Oloo
(Majority Party Whip)

CLERK-AT
THE-TABLE:

Anastacia

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**CARDINAL OTUNGA HIGH
SCHOOL-MOSOCHO**

**FOR THE YEAR ENDED
30 JUNE, 2024**

KISII COUNTY

Handwritten notes in a table format, possibly a ledger or record book. The text is faint and difficult to read, but appears to contain columns for dates and descriptions. Some legible fragments include "1911", "1912", and "1913".

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CARDINAL OTUNGA HIGH SCHOOL MOSOCHO

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024**

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

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Cardinal Otunga High School Mosoch
Annual Report and Financial Statements For the year ended 30th June 2024

1. Acronyms and Definition of Key Terms

A. Acronyms.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

Comparative Year- Means the prior period.

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 Kisii County, Kitutu Central Sub-County.

The school was registered in 18/02/2021 under registration number 45S30001105 and is currently categorized as an Extra County public school established, owned or operated by the Government.

The school is a boarding school and had 3220 number of students as at 30th June 2024. It has 13 streams and 118 teachers of which 35 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	Rev. Fr. Denis Rogena	Chairman - Sponsor	7/4/2022
2	Mr. Ezekiel Okeyo	Secretary - Principal	26/4/2024
3	Prof. Margaret Barasa	Member – Sponsor	7/4/2022
4	Mrs. Stella Osebe	Member – Sponsor	7/4/2022
5	Mr. Francis Omayo Kengara	Member – PA Chairman	7/4/2022
6	Mrs. Ann Nyaburi Bioto	Member	7/4/2022
7	Eng. John Omwenga	Member	7/4/2022
8	Mr. Stephen Arogo	Member	7/4/2022
9	Mr. Cosmas Nyambane	Member	7/4/2022
10	Mrs. Linet Omari	Member	7/4/2022
11	Dr. Charles Moitui	Member - Coopted	7/4/2022
12	CPA Dennis Aamba	Member - Coopted	7/4/2022
13	Dr. Edna Orina	Member - Coopted	7/4/2022
14	Dr. James Ontieri	Member - Representative CEB	7/4/2022
15	Mr. Vincent Nyangau	Member - Teacher's Rep	7/4/2022
16	Mr. Moses Auta	Member - Special interest	7/4/2022
17	Mrs. Josephine Oruru	Member - Special Needs	7/4/2022
18	Clement Otieno	Students Representative	7/4/2022

Cardinal Otunga High School Mosoch
Annual Report and Financial Statements For the year ended 30th June 2024

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, of 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 paragraph 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	Rev Fr. Denis Rogena Ezekiel Okeyo Francis Omayo Stella Osebe Prof. Margaret Barasa	Chairman Secretary P.A Chair Sponsor Vice Chair	3/3 3/3 3/3 3/3 3/3
2	Audit Committee	CPA Dennis Aamba Dr. James Ontieri Prof. Margaret Barasa	Chair Secretary Sponsor	1/1 1/1 1/1
3	Finance, procurement and general purposes Committee	CPA Dennis Aamba Dr. James Ontieri Prof. Margaret Barasa Ezekiel Okeyo	Chair Secretary Sponsor Member	3/3 3/3 3/3 3/3
4	Academic Committee	Prof. Margaret Barasa Mr. Ezekiel Okeyo Dr. James Ontieri Mrs. Stella Osebe Mr. Francis Kengara Mrs. Linet Omari Mr. Moses Auta Mr. Vincent Nyangau	CEB Member Member Member PA Chairman Member Member Teacher Rep.	3/3 3/3 3/3 3/3 3/3 3/3 3/3 3/3
5	Development Committee	Mr. Francis Omayo Mr. Ezekiel Okeyo Rev. Fr. Denis Rogena Mr. Stephen Arogo Eng. John Omwenga Dr. Edna Orina Mr. Cosmas Nyambane	Chairman Secretary/Principal Member Member Member Member Member	1/1 1/1 1/1 1/1 1/1 1/1 1/1
6	Discipline and welfare	Mrs. Stella Osebe	Chairman	1/1

**Cardinal Otunga High School Mosochi
Annual Report and Financial Statements For the year ended 30th June 2024**

	Committee	Mr. Ezekiel Okeyo Dr. Charles Moitui Mrs. Anne Bioto Mr. Francis Omayo Dr. Edna Orina	Secretary Member Member Member Member	1/1 1/1 1/1 1/1 1/1
7	Adhoc Committee (if any during the year)	There was no adhoc committee	-	-

Cardinal Otunga High School Mosoch
Annual Report and Financial Statements For the year ended 30th June 2024

(d) School operation Management

For the financial year ended 30th June, 2024 the School's day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Ezekiel Okeyo	363753
2	Deputy Principal (Administartion)	Gerald Ayiera	388062
3	Deputy Principal (Academics)	John Ochako	240155
4	School Bursar	Julius N. Nyandika	NAC/66998

(e) Schools contacts

Post Office Box: 520 - 40200 KISII

Telephone: 0722461268

E-mail: mosochocardinalotunga@yahoo.com

(f) School Bankers

The following school operated 10 numbers of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: ABSA Bank of Kenya, Kisii branch
i. Account Number: 2026220753
2. Name of Bank: Kenya Commercial Bank, Kisii branch
i. Account Number: 1180275160
3. Name of Bank: Equity Bank of Kenya
i. Branch: Kisii
ii. Account Number: 0510279683758
4. Name of Bank: National Bank of Kenya
i. Branch: Kisii
ii. Account Number: 01021033723500
5. Name of Bank: National Bank of Kenya
i. Branch: Kisii
ii. Account Number: 01025033723500
6. Name of Bank: Kenya Commercial Bank
i. Branch: Kisii
ii. Account Number: 1142323781
7. Name of Bank: Eco bank
i. Branch: Kisii
ii. Account Number: 6622000435
8. Name of Bank: Eco bank
i. Branch: Kisii
ii. Account Number: 6622000436
9. Name of Bank: National Bank of Kenya
i. Branch: Kisii
ii. Account Number: 01242034138200
10. Name of Bank: Cooperative bank
i. Branch: Kisii West
ii. Account Number: 01141789052900

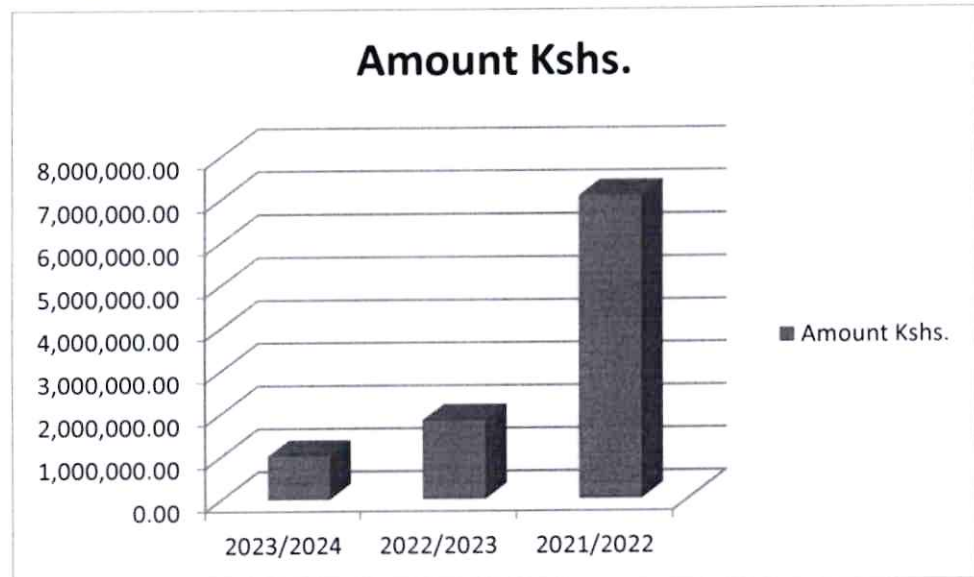
(g) Independent Auditors

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

3. Summary Report of Performance of The School

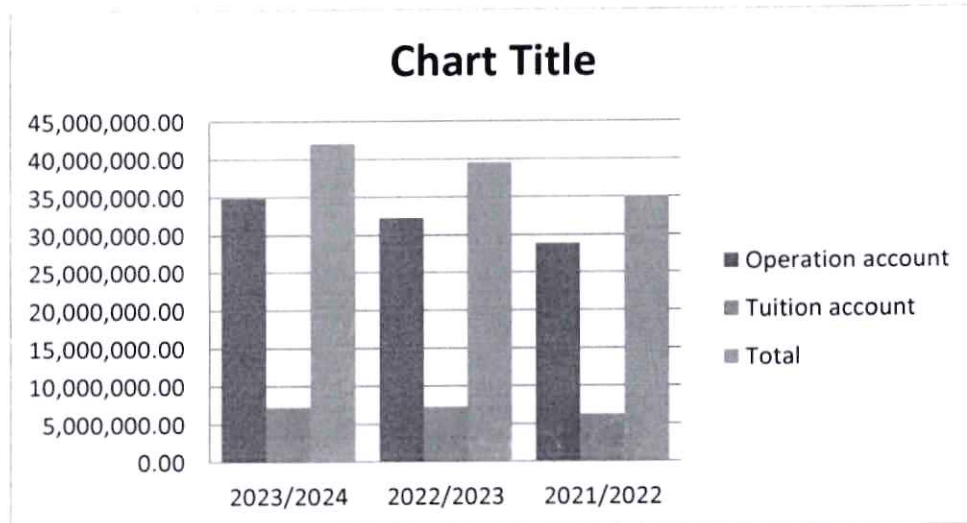
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:



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

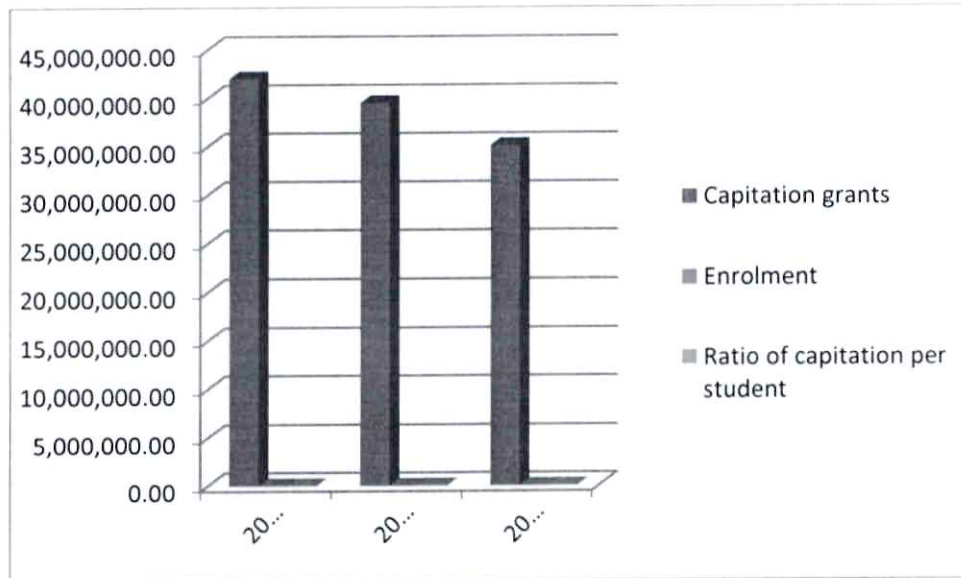
Year	2023/2024	2022/2023	2021/2022
Amount Kshs.	1,005,727.91	1,834,876.00	7,065,699.00



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

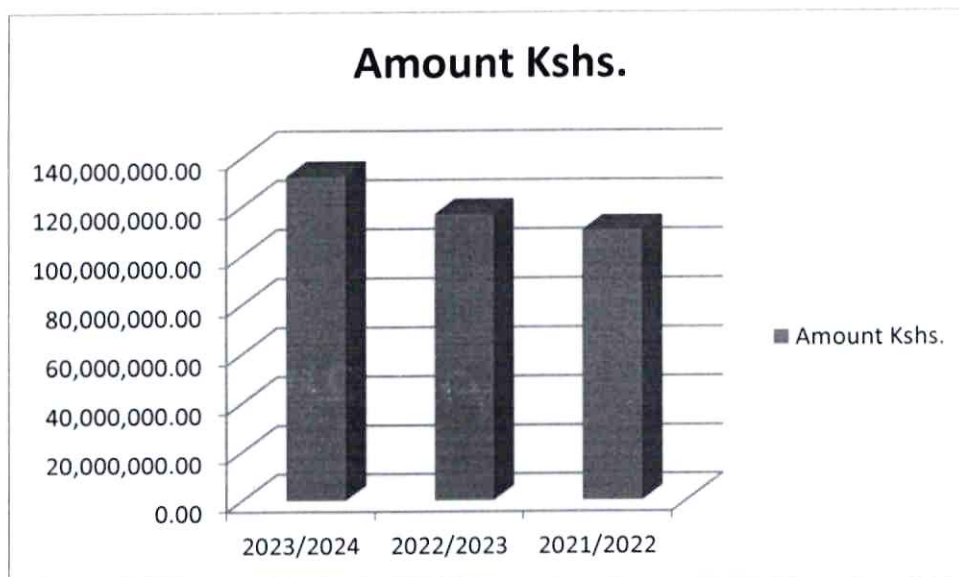
Year	2023/2024	2022/2023	2021/2022
Operation account	34,810,462.84	32,199,797.00	28,829,178.00
Tuition account	7,183,396.20	7,282,900.00	6,216,528.00
Total	41,993,859.04	39,482,697.00	35,045,706.00

Cardinal Otunga High School Mosocho
Annual Report and Financial Statements For the year ended 30th June 2024



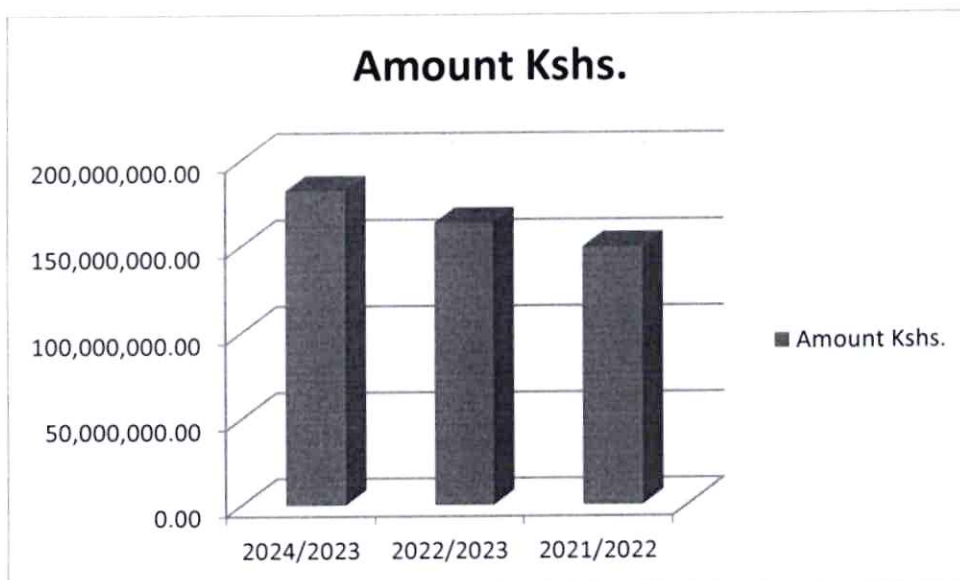
- *Ratio of capitation grant per student over the last three years*

Year	2023/2024	2022/2023	2021/2022
<i>Capitation grants</i>	<i>41,993,859.04</i>	<i>39,482,697.00</i>	<i>35,045,706.00</i>
<i>Enrolment</i>	<i>3220</i>	<i>2,502</i>	<i>2,181</i>
<i>Ratio of capitation per student</i>	<i>13,066.00</i>	<i>15,780.00</i>	<i>16,075.00</i>



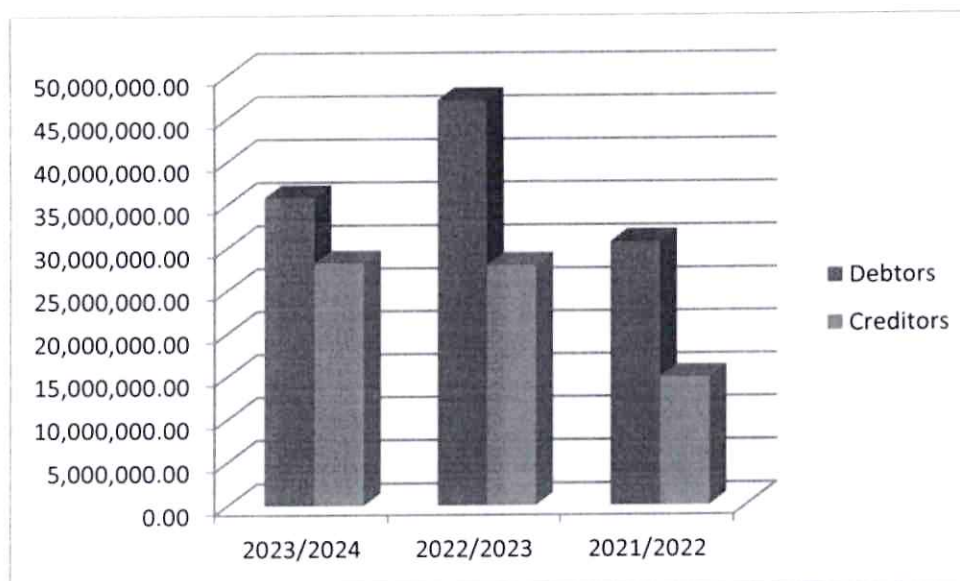
- *A three-year overview of growth of other income(s) earned by the school.*

Year	2023/2024	2022/2023	2021/2022
<i>Amount kshs.</i>	<i>132,404,035.00</i>	<i>116,884,499.00</i>	<i>110,169,703.00</i>



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

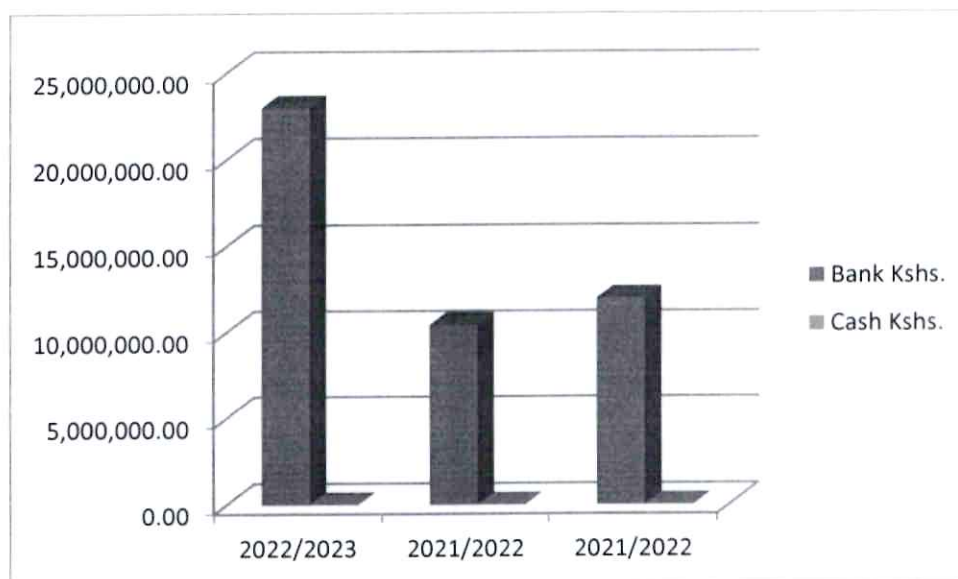
Year	2023/2024	2022/2023	2021/2022
<i>Amount Kshs.</i>	<i>182,208,761.13</i>	<i>163,547,321.00</i>	<i>149,239,741.00</i>



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

Year	2023/2024	2022/2023	2021/2022
<i>Debtors</i>	<i>35,755,101.00</i>	<i>47,040,734.00</i>	<i>30,581,061.00</i>
<i>Creditors</i>	<i>28,181,879.00</i>	<i>27,902,046.00</i>	<i>14,808,260.00</i>

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- *Movement of cash and bank balances over the last three years*

Year	2023/2024	2022/2023	2021/2022
Bank Kshs.	23,006,211.00	10,439,140.00	11,974,823.19
Cash Kshs.	20,884.00	16,666.00	12,271.15

b) **Teacher Student ratio:**

$$\text{Teacher to student ratio} = \frac{\text{No of students}}{\text{No of teachers}} = \frac{3220}{118} = 28$$

Number of teachers recruited and posted to the school within the year = 5

Number of teachers that were transferred/retired during the period = 0

Number of teachers employed by TSC = 83

Number employed by BOM = 35

Teachers per subject in the school

SUBJECT	ENG	KISW	MATHS	CHEM	BIO	PHY	GEO	HIST	CRE	B/S	AGI
No. of TSC teachers	14	16	17	12	13	8	8	6	7	5	3

The school has shortage of 53 teachers

c) **Mean score in the KCSE: target and comment**

Performance of the school over the last three years.

Year	No. of students	Target	Actual mean score	Deviation
2023	432	11.00	9.57	-1.43

Cardinal Otunga High School Mosocho
Annual Report and Financial Statements For the year ended 30th June 2024

2022	331	9.5	10.76	+1.26
2021	300	8.5	7.44	-1.6

The school performance was good

Number of students that have since transitioned to institutions of higher learning.

Year	2023	2022	2021
Students in institutions of higher learning	432	331	300

d) Number of Candidates in the KCSE:

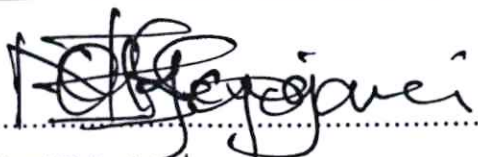
Year	2024	2023	2022
No. of candidates	620	432	331

e) Capacity of the school:

Facility	Available	Capacity	No. of students	Required	Comment
Classrooms	49	65	3220	16	Inadequate
Dormitory	21	2100	3220	13	Inadequate
Dining hall	1	600	3220	12	Inadequate
Laboratory	6	35	210	06	Inadequate
Toilets	78	3214	3220	0	Adequate

f) Development projects carried out by the school:

Project Name	Initial cost	Source of fund	Amount spent	Expected completion time
Storey classrooms	9,015,000.00	Ministry of Education	9,914,452.00	30/5/2024


 School Principal

28-4-2025

Cardinal Otunga High School Mosoch
Annual Report and Financial Statements For the year ended 30th June 2024

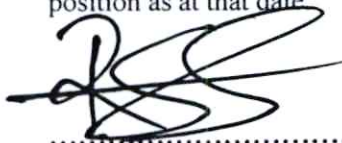
4. Statement of School Management Responsibility

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

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

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

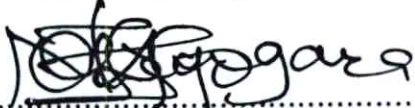
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 20XX, and of the school's financial position as at that date.



.....
Name: **DENIS ROGENA**

Designation: Chairman, School Board of Management

Date: **28.4.2025**



.....
Name: **DOREO EZEKIEL**

Designation: School Principal & Secretary to Board of Management

Date: **28-4-2025**



.....
Name: **JULIUS N. NHANDIWA**

Designation: Bursar/ Finance Officer

Date: **28-4-2025**

REPUBLIC OF KENYA

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Anniversary Towers
Monrovia Street
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Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON CARDINAL OTUNGA HIGH SCHOOL MOSOCHO FOR THE YEAR ENDED 30 JUNE, 2024 – KISII 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 Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Cardinal Otunga High School Mosocho set out on pages 1 to 19, which comprise the statement of assets and liabilities

as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and 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 Cardinal Otunga High School Mosochi as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Cash Basis) and do not comply with the Public Finance Management Act, 2012 and Basic Education Act, 2013.

Basis for Qualified Opinion

1.0. Inaccuracies in the Financial Statements

The statement of receipts and payments reflects infrastructure amount of Kshs.8,262,600, while the statement of cash flows indicates acquisition of assets amount of Kshs.8,187,139, resulting in an unreconciled variance of Kshs.75,461. Also, the above two (2) expenditure amounts differ with additions of Kshs.26,153,200 reported in the Summary of Fixed Assets Register, resulting in unreconciled variances of negative Kshs.17,890,600 and negative Kshs.17,966,061 respectively.

Further, the statement of cash flows reflects total receipts amount of Kshs.191,430,618 which differs with the re-computed total of Kshs.183,088,618, resulting in a casting error of Kshs.8,342,000.

In addition, the statement of budgeted versus actual amounts reflects actual receipts and actual expenditure amounts totalling Kshs.182,765,519 and Kshs.182,205,761, while the statement of cash flows indicates corresponding amounts of Kshs.191,430,618 and Kshs.162,330,189, resulting in unexplained variances of Kshs.8,665,099 and Kshs.19,875,572 respectively. This is despite the fact that both statements are prepared on cash basis.

Additionally, review of the statement of budgeted versus actual amounts revealed the following errors:

- i. The statement reflects nil total income amounts under Actual on Comparable Basis and Budget Utilization Difference columns, instead of the recomputed amounts of Kshs.182,765,519 and negative Kshs.13,855,194 respectively.
- ii. The statement indicates budget utilization difference of Kshs.1,625,437 for electricity and water under Section (4)-Fees charged on parents-instead of the re-computed

difference of negative Kshs.1,625,437, resulting in overstatement of the amount by Kshs.3,250,784.

- iii. The statement also indicates budget utilization difference of negative Kshs.254,947 for exercise books under Section (6)-Expenditure for tuition-instead of the re-computed difference of negative Kshs.2,500, resulting in understatement of the amount by Kshs.252,447.
- iv. Similarly, the statement reflects budget utilization difference of Kshs.8,262,600 for against construction of laboratory under Section (8)-Expenditure for infrastructure-instead of the re-computed difference of negative Kshs.8,262,600, resulting in overstatement of the amount by Kshs.16,525,200.

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

2.0. Misstatement of School Fund Income – Parent’s Contributions Amount

The statement of receipts and payments reflects an amount of Kshs.113,065,720 which as indicated in the supporting ledger provided includes actual collection of Kshs.91,938,990. However, review of the student fees register revealed that the total fees received during the year amounted to Kshs.108,419,169, resulting in an unexplained and unreconciled variance of Kshs 16,480,179.

In addition, it was noted that the payments records maintained in the system could not be easily agreed to the bank statement as the bank statement lacked details such as student admission numbers, and the revenue collection system was not structure as fee payments were being sent to different bank and M-pesa accounts.

In the circumstances, the accuracy, completeness and fair presentation of the school fund income – parent's contributions amount of Kshs.113,065,720 could not be confirmed.

3.0. Unconfirmed Miscellaneous Incomes

The statement of receipts and payments reflects miscellaneous income amount of Kshs.19,338,315 comprising the following revenue streams:

No.	Item	Amount (Kshs.)
1	Rent Income	579,540
2	Income from farming activities	3,168,775
3	Income from Bus Hire	65,000
4	PA Bus Project	15,525,000
	Total	19,338,315

However, rent income registers, farming activities records, registers for bus hire and details of Parents Association Bus project were not provided for audit.

Further, approval from the Ministry of Education to collect and the criteria used to evaluate the adequacy of Kshs.5,000 levied on parents for the Parents Association Bus Project under which, Kshs.15,525,000 is reported to have been collected was not provided for audit review.

In the circumstances, the accuracy and completeness of the miscellaneous income amount of Kshs.19,338,315 and the regularity of the expenditure of Kshs.15,525,000 on PA Bus Project d not be confirmed.

4.0. Boarding and School Fund Payments

The statement of receipts and payments reflects an amount of Kshs.136,817,563 in respect of boarding and school fund as disclosed in Note 9 to the financial statements. The following audit issues were noted:

4.1. Unsupported Boarding and School Fund Payments Amount

The amount includes Kshs.18,500,390 whose supporting quotations from the list of prequalified suppliers, Local Purchase Orders (LPOs) indicating the items to be supplied, stores ledgers as evidence that the items were taken on charge in the stores ledgers, and Inspection and Acceptance Committee report confirming that the items supplied and services rendered were of the intended quality and quantity, were not provided for audit:

4.2. Unsupported Procurement of School Bus

The amount also includes Kshs.7,000,000 paid to a company for the supply of a bus. Review of records revealed that the School in an advertisement dated 8 December, 2023, requested for quotations for the supply of the 67-seater school bus and indicated that the tendering process was to be held on 3 January, 2024. Minutes of Tender Evaluation Committee provided for audit revealed that three suppliers submitted their bids of Kshs.15,000,000 for Isuzu Bus, Kshs.20,700,000 for Mercedes Benz Bus and Kshs.24,000,000 for Scania Bus respectively. Management resolved to acquire the Isuzu bus at a price of Kshs.14,766,000. However, it was noted that quotations were used for the procurement of the school bus instead of open tender, there was no professional opinion from a qualified procurement officer in arriving at the decision to purchase the Isuzu Bus and logbook for the vehicle was not provided for audit review.

In the circumstances, the accuracy, completeness and propriety of the expenditure of Kshs.18,500,390 and the value for money realized from the expenditure of Kshs.7,000,000 on the school bus could not be confirmed.

5.0. Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.23,027,095 which comprises bank balances of Kshs.23,006,211 and cash balances of Kshs.20,884 as disclosed in Note 10 and 11 to the financial statements. However, Management did not provide cash books, bank

statements and certificates of balances as at 30 June, 2024 for four (4) of the ten (10) bank accounts, with balances amounting to Kshs.1,861,885.

In the circumstances, the accuracy and completeness of balances amounting to Kshs.1,861,885 held in four (4) bank accounts could not be confirmed.

6.0. Unconfirmed Valuation of Inventories

Note 19 to the financial statements reflects nil stock/inventory balance despite records provided indicating that the School had several items of inventory as at 30 June, 2024.

Further, Management has not provided verifiable documentary evidence to indicate that the stores records were regularly updated and an annual stock take was carried out to determine the closing balances as at 30 June, 2024. This was contrary to Section 162 (2) of the Public Procurement and Asset Disposal Act, 2015 which states that the head of procurement function shall arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the accounting officer.

In the circumstances, the accuracy, completeness and fair presentation of the reported nil balance could not be confirmed. Also, the existence and effectiveness of internal controls over inventory could not be confirmed.

7.0. Unsupported Accounts Receivable Balance

The statement of financial assets and liabilities reflects accounts receivable balance of Kshs.35,755,006 as disclosed in Note 13 to the financial statements. The balance includes fees arrears of Kshs.35,208,556 whose movement schedule indicating the individual students opening balance if any, fees charged during the period, fees paid and outstanding balance thereof was not provided for audit review. Further, as disclosed in aging analysis in Note 13(b), fees arrears amounting to Kshs.10,765,215 had been outstanding for periods between one (1) and two (2) years, and no evidence of debt recovery measures was provided to support efforts of the Management in recovering the amounts due from the students.

In addition, included in the accounts receivable balance is rent arrears balance of Kshs.448,950 whose supporting tenancy agreements were not provided for audit. Review of rent payment records also revealed that some of the occupants did not pay rent for more than two years.

In the circumstances, the accuracy, completeness and recoverability of the accounts receivable balance of Kshs.35,755,006 could not be confirmed.

8.0. Unconfirmed Fixed Assets Balance

The financial statement under Annex 2 – Summary of Fixed Assets Register - reflects a fixed assets balance of Kshs.387,869,740. However, it was noted that the School did not

Report of the Auditor-General on Cardinal Otunga High School Mosocho for the year ended 30 June, 2024 – Kisii County

maintain an updated fixed asset register to control its assets and support the reported balance. Essential details and unique identifiers such as asset tags, year of purchase,

location and condition were not indicated in the fixed assets register. This was contrary to Regulation 136(1) of the Public Finance Management (National Government) Regulations, 2015, which states 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, the accuracy and completeness of the property, plant and equipment balance of Kshs.387,869,740 could not be confirmed.

9.0. Unconfirmed Accounts Payables

The statement of financial assets and liabilities, and as disclosed in Note 14 to the financial statements, reflects accounts payable balance of Kshs.28,181,879 which includes long outstanding payables amounting to Kshs.3,108,760 whose invoices and contractual agreements were not provided for audit review. Further, Management did not provide evidence of measures put in place to ensure that outstanding bills are paid in time to avoid further accumulation and the possibility of payment of interest and/or penalties on the unpaid amounts. Creditors movement schedule indicating how the balance have been accumulated over the years had also not been provided.

Failure to settle payables may result in suppliers withholding the supply of goods and other essential items and hence adversely affect service delivery.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts for the year ended 30 June, 2024 reflects final receipts budget and actual on comparable basis amounts of Kshs.168,910,325 and Kshs.182,765,519 respectively, resulting in overfunding of Kshs.13,855,194 or 8% of the budget.

Similarly, the School spent Kshs.182,205,761 against and approved budget of Kshs.168,910,325, resulting in an over-expenditure of Kshs.13,295,436 or 8% of the budget.

In the circumstances, the authorization of the overfunding and over-expenditure could not be confirmed.

My opinion is not modified in respect of this matter.

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 matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Prior Year Matters

Various audit issues raised in the report of the Auditor-General for the year ended 30 June, 2023 under Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance sections remained unresolved as at 30 June, 2024 and have not been disclosed in the Progress on Follow Up of Auditor Recommendations section of the financial statements. Management has not provided reasons for the delay in resolving these prior year audit matters and why they have not been disclosed in the financial statements. Further, the prior year audit issues reported under Report on the Financial Statements are indicated in the Progress on Follow Up of Auditor Recommendations section of the financial statements as having been resolved. However, evidences of how they were resolved have not been provided for audit.

Other Information

The Management is responsible for the other information set out on page iii to xxv which comprises Key School, Summary Report of Performance of the School and Statement of School Management Responsibilities. 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 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 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

1.0. Transfer of Funds to Kenya Secondary Schools Heads Association (KESSHA)

Review of records revealed that during the year under review, the School transferred an amount of Kshs.1,240,000 to Kenya Secondary School Heads Association (KESSHA), Kitutu Central Sub-County. However, KESSHA is a welfare organization that draws its membership from School Principals only. This organization is not defined in Government Funding 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. This was contrary to Regulation 23(2)c of the Public Finance Management (National Government) Regulations, 2015. Which requires that an Accounting Officer shall, before transferring any funds to an entity within or outside Government, ensure that there is a written assurance from the entity that it shall implement effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems.

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

2.0. Effectiveness in Use of Infrastructure Grants

The statement of receipts and payments reflects payments for Infrastructure amount of Kshs.8,262,600 as disclosed in Note 8 to the financial statements. however, review of records provided in support of the expenditure revealed the following anomalies:

2.1. Phase II of the Construction of a Multi-Storey Dormitory

The payment for infrastructure amount includes Kshs.6,001,660 paid towards the construction of Phase II of a Multi-Storey Dormitory within the School compound. Included in the latter amount are payments totalling Kshs.4,748,810 made to several merchants for supply of different items. However, the payments were not supported by quotations from prequalified suppliers, items supplied were not taken on charge in the store's ledgers and Inspection and Acceptance Committee report indicating that the items delivered and works done were of the desired quality and quantity, and Interim certificate for the work

Report of the Auditor-General on Cardinal Otunga High School Mosocho for the year ended 30 June, 2024 – Kisii County

done were not provided for audit. Further, there was no evidence to indicate that the traders engaged remitted tax to the relevant authorities.

2.2. Construction of 400-Meter Perimeter Wall

The payment for infrastructure amount further includes Kshs.393,103 and Kshs.188,689, totalling Kshs.581,792 paid to two (2) contractors for the construction of a 400-meter perimeter wall along the School boundary. However, interim certificates, payment certificates and original contract document used as basis of making payments were not provided for audit review.

2.3. Construction of Competency Based Curriculum Classrooms

The payment for infrastructure amount also includes Kshs.754,245, being cost of labour for the construction of Competency Based Curriculum classrooms. However, the contractor's bill of quantities indicating the measured work entailed for the project was not provided for audit review. In addition, although physical verification in the month of April, 2025 revealed that the project had been completed, procurement documents, certificates of practical completion, payment certificates and original contract agreement were not provided for audit and as a result, it was not possible to determine whether the project had been constructed to the expected standards.

In the circumstances, the value for money realized from the expenditure of Kshs.6,084,847 on the three (3) projects could not be confirmed.

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

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

1.0. Inconsistent Audit Committee Meetings and Lack of Internal Audit Function

Though the School had an audit committee, review of records revealed that the committee only meet twice during the year under review. Information provided indicated that during the financial year under review, the School did not have an Internal Audit department in place as required by Regulation 162(2) of the Public Finance Management (National Government) Regulations, 2015. The audit services were being outsourced from the sister institution.

Further, the Committee did not carry out any annual review of the independence, performance, and competency of the internal audit unit, contrary to the provisions of Regulation 166(1) of the Public Finance Management (National Governments) Regulations, 2015.

In the circumstance, the committee did not provide oversight of the financial reporting process, the audit process, the school's system of internal controls and compliance with laws and regulations.

2.0. Weak IT Internal Controls

Review of the School's IT internal control environments and its working revealed that the school did not have a strong Information and Communication Technology (ICT) internal control system, despite operating in IT enabled environment like use of School Management Information System (COLEMIS) Software in the Finance, Procurement and Administration departments. Further, the following IT control weaknesses were noted:

- i. The School did not have approved policies on Information Technology security including disaster recovery plan and IT continuity plan. Therefore, the critical data/information may not be recovered in case a disaster occurs.
- ii. The School did not have IT strategic or steering committees which could result in none implementation of IT governance, as part of enterprise governance.
- iii. The School lacked security policy, an indication that there was no clear direction to maintain information security and to properly safeguard its assets.
- iv. The School did not have fire suppression systems, hence information may be lost in case of a fire outbreak.
- v. The Management Information System (COLEMIS) could not generate reports such as expenditure reports, revenue reports and students' reports.

Lack of strong IT internal controls, disaster recovery plan and retention strategy put the School at risk of losing essential data and information

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards

(Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue 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, the 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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 also 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

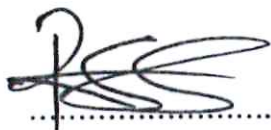
15 May, 2025

Cardinal Otunga High School Mosoch
 Annual Report and Financial Statements For the year ended 30th June 2024

6. Statement of Receipts and Payments for the Year Ended 30th June 2024

DESCRIPTION OF VOTE HEAD	Note	2023-2024	2022-2023
		Kshs	Kshs
RECEIPTS			
Government grants for tuition	1	7,183,396.20	7,282,900
Government grants for operations	2	26,468,462.84	23,184,797
Government Grants for Infrastructure	3	8,816,595.00	9,015,000
School Fund Income- Parents' Contributions	4	113,065,720.00	115,713,655
Miscellaneous Incomes	5	19,338,315.00	1,170,844
TOTAL RECEIPTS		174,872,489.04	156,367,196
PAYMENTS			
Tuition	6	7,350,619.00	7,200,001
Operations	7	21,435,979.08	26,006,420
Infrastructure	8	8,262,600.00	9,915,757
Boarding and school fund	9	136,817,563.05	111,410,143
TOTAL PAYMENTS		173,866,761.13	154,532,321
SURPLUS/DEFICIT		1,005,727.91	1,834,876

The school financial statements were approved on 16th July, 2024 and signed by:



Name: DENIS ROGENA

Chair BOM

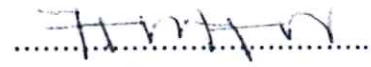
Date: 28.4.2025



Name: Okeyo Ezekiel

Principal/Secretary to BOM

Date: 29.4.2025



Name: JAMES N. NYANDIRA


Bursar/ Finance Officer

Date: 28.4.2025

Cardinal Otunga High School Mosochi
Annual Report and Financial Statements For the year ended 30th June 2024

7. Statement of Assets and Liabilities As At 30th June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10	23,006,211	10,439,140
Cash Balances	11	20,884	16,666
Short term Investment	12	-	-
Total Cash and Cash Equivalents		23,027,095	10,455,806
Account's receivables	13	35,755,006	37,012,451
TOTAL FINANCIAL ASSETS		58,782,101	47,468,257
FINANCIAL LIABILITIES			
Accounts Payable	14	28,181,879	17,873,763
NET FINANCIAL ASSETS		30,600,222	29,594,494
REPRESENTED BY			
Fund balance b/fwd 1st July 2023	15	29,594,494	27,759,618
Surplus for the year		1,005,728	1,834,876
NET FINANCIAL POSITION		30,600,222	29,594,494



Name: Fr. Denis Rogena

Chair BOM

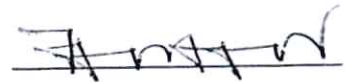
Date: 28.4.2025



Name: Ezekiel Okeyo

School Principal/ Secretary to BOM

Date: 28.4.2025



Name: Julius N. Nyandika

Bursar/ Finance Officer

Date: 28.4.2025


Cardinal Otunga High School Mosocho
Annual Report and Financial Statements For the year ended 30th June 2024

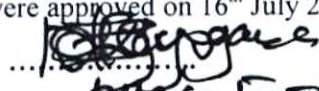
8. Statement of Cash Flows for the Year Ended 30th June 2024

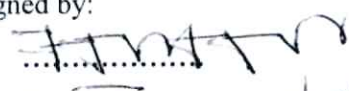
	2023-2024	2022 - 2023
	Kshs	Kshs
Cash from operating Activities		
Receipts		
Government grants for Tuition	7,183,396.20	7,282,899.98
Government grants for Operations	26,468,462.84	23,184,797.30
Government grants for Infrastructure	8,816,595.00	9,015,000.00
School fund income- Parents contributions/ fees	91,938,990.00	93,849,618.00
Miscellaneous Income	48,681,174.00	9,594,651.00
Total Receipts	191,430,618.00	142,926,966.28
Payments		
Cash outflows for Tuition	4,506,893.00	7,200,001.00
Cash outflows for operations	21,447,979.08	26,051,421.00
Cash flows for Boarding /Lunch and school fund	136,375,317.05	101,291,075.60
Total payments	162,330,189.13	134,542,497.60
Net cash inflow/outflow from operating activities	20,758,428.41	8,384,468.68
Cash flow from investing activities		
Proceeds from Sale of Assets		
Acquisition of Assets	(8,187,139.00)	(9,915,757.00)
Proceeds from investments		
Purchase of Investments		
Net cash inflows/outflows from investing activities	(8,187,139.00)	(9,915,757.00)
Net cash flow from financing activities		
Proceeds from borrowings/ loans		
Repayment of principal borrowings	-	-
Net cash inflows/outflows from Financing Activities	-	-
Net increase/decrease in cash and cash equivalent	12,571,289.22	(1,531,288.32)
Cash and cash equivalent at beginning of the FY	10,455,805.78	11,987,094.10
Cash and cash equivalent at end of the FY	23,027,095.00	10,455,805.78

Note: Cash and Cash Equivalent is the summation of Note 10, 11 and 12. (The above presentation of the cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools Note: captured in the cash flow under miscellaneous income includes fees arrears recovered during the year and fees prepaid during the year.

The school's financial statements were approved on 16th July 2024 and signed by:


 Name: DENIS ROGENA
 Chair BOM
 Date: 28.4.2025


 Name: Othello Kirekire
 School Principal/ Secretary to BOM
 Date: 28.4.2025


 Name: JULIUS N. NYANDIRO
 Bursar/ Finance Officer
 Date: 28.4.2025

Cardinal Otunga High School Mosoch
Annual Report and Financial Statements For the year
ended 30th June 2024

9. Statement of Budgeted Versus Actual Amounts for The
Year Ended 30th June 2024

Receipts/expenses 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>						
Teaching/learning materials	10,774,400		10,774,400	7,183,396	3,591,004	66.67
<i>(2) capitation grant on operations</i>						
Personal emoluments	11,440,000		11,440,000	9,198,979	2,241,021	80.41
Local transport / travelling	4,940,000		4,940,000	3,930,713	1,009,287	79.57
Electricity and water	5,200,000		5,200,000	3,407,676	1,792,324	65.53
Medical	5,200,000		5,200,000	2,331,750	2,868,250	44.84
Administration costs	2,860,000		2,860,000	2,441,577	418,423	85.37
Activity	3,900,000		3,900,000	2,283,768	1,616,232	58.56
RMI	13,000,000		13,000,000	11,216,000	1,784,000	86.28
Smasse	520,000		520,000	0	520,000	0
3) Fdse for Infrastructure						
Maintenance & Improvement MOE	0		0	8,816,595	(8,816,595)	0
(4) Fees charged on parents						
Personnel emoluments	17,050,000		17,050,000	17,077,500	(27,500)	100.16
Repairs and maintenance	6,200,000		6,200,000	6,100,000	100,000	98.39
Local transport / travelling	2,015,000		2,015,000	2,076,345	(61,345)	103.04
Electricity and water	13,190,000		13,190,000	14,815,437	1,625,437	112.32
Administration costs	4,735,000		4,735,000	4,739,238	(4,328)	100.09
Activity	775,000		775,000	846,449	(71,449)	109.22
Fee on Boarding Equipment and Stores	67,110,925		67,110,925	67,410,751	(299,826)	100.45
5) Miscellaneous income						

Cardinal Otunga High School Mosocho
Annual Report and Financial Statements For the year
ended 30th June 2024

Rent Income	0	0	130,590	(130,590)	
Income from farming activities	0	0	3,168,755	(3,168,755)	0
Income from Bus Hire	0	0	65,000	(65,000)	0
PA Bus project	0	0	15,525,000	(15,525,000)	0
TOTAL INCOME	168,910,325	168,910,325			
(6) Expenditure for tuition					
Text books	0	0	6,902	(6,902)	0
Exercise books	650,000	650,000	652,500	(254,947)	100.38
Laboratory equipment and chemicals	3,018,458	3,018,458	3,201,977	(183,519)	106.08
Teaching/learning materials	2,329,021	2,329,021	2,769,880	(440,859)	118.93
Reference Materials	777,961	777,961	712,650	65,311	91.60
Bank charges		-	6,710	(6,710)	
(7) Expenditure for operations					
Repairs and maintenance	8,515,000	8,515,000	8,342,000	173,000	97.97
Personal emoluments	9,129,000	9,129,000	7,500,839	1,628,161	82.16
Local transport / travelling	3,317,000	3,217,000	2,581,562	635,438	80.35
Electricity and water	5,103,000	5,103,000	6,053,295	(950,295)	118.62
Medical	3,270,000	3,270,000	-	3,270,000	-
Administration costs	3,320,130	3,320,130	3,321,641	(1,511)	100.05
Activity	2,050,000	2,050,000	1,975,642	74,358	96.37
Smasse	427,408	427,408	0	427,408	0
(8) Expenditure for Infrastructure					
Construction of Dormitory	0	0	8,262,600	8,262,600	0

Cardinal Otunga High School Mosoch
Annual Report and Financial Statements For the year
ended 30th June 2024

(9) Expenditure For School fund/Lunch/Boarding						
Personal Emoluments	16,050,000		16,050,000	16,244,210	(194,210)	101.21
Repairs, Maintenance and Improvement	6,200,000		6,200,000	11,928,021	(5,728,021)	192.39
Local Transport and Travelling	2,015,000		2,015,000	2,970,527	(955,527)	147.42
Electricity Water and Conservancy	14,190,000		14,190,000	14,039,526	150,474	98.94
Administration Cost	4,527,870		4,527,870	5,329,371	(801,501)	117.70
Activity	1,220,000		1,220,000	2,294,640	(1,074,640)	188.09
Boarding Equipment and stores	82,900,477		82,900,477	76,037,638	6,862,839	91.72
Farming expenses	0		0	973,630	(973,630)	0
Other Expenses on Investments (Bus)	0		0	7,000,000	(7000,000)	0
Rent expenses	0		0		0	-
Totals	168,910,325		168,910,325	182,205,761	(13,295,436)	107.87

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

1. Capitation received from ministry of education was less than the budgeted amount.

Period	Operations A/c	Tuition A/c	Amount (Kshs)
September 2023	2,005.67	507.20	2,512.87
January 2024	6,551.68	1,203.00	7,754.68
April 2024	3,404.70	750.80	4,155.50
Totals	11,962.05	2,461.00	14,423.05

i.e kshs. 14,423.05 were received as compared to kshs. 22,244.00 That was budgeted for. This let to deviation seen in the budgeted and actual income variance above in tuition and operations account.

2. Fees received from parents was more than 100% due to the fact that the budget took into consideration 2,600 students as compared to 3,220 students admitted due to 100% Government transition policy

Cardinal Otunga High School Mosoch
Annual Report and Financial Statements For the year ended 30th June 2024

10. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

3. **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 the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have 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 30th June 2024.

Cardinal Otunga High School Mosoch
Annual Report and Financial Statements For the year ended 30th June 2024

11. Notes to the Financial Statements

Notes to the financial statements						
1	Government grants for tuition				2023-2024	2022-2023
					Kshs	Kshs
	Teaching/learning materials				7,183,396	7,282,900
	Total				7,183,396	7,282,900
2	Government grants for operations				2023-2024	2022-2023
					Kshs	Kshs
	Repairs and maintenance				2,874,000	645,000
	Personal emoluments				9,198,979	9,638,202
	Local transport / travelling				3,930,713	2,348,461
	Electricity and water				3,407,676	4,762,911
	Medical				2,331,750	485,500
	Administration costs				2,441,577	3,907,323
	Activity				2,283,768	1,397,400
	Total				26,468,463	23,184,797
3	Government grants for infrastructure				2023-2024	2022-2023
					Kshs	Kshs
	Maintenance & Improvement MOE				8,816,595	9,015,000
	Total				8,816,595	9,015,000
4	School fund income – parents’ contribution				2023-2024	2022-2023
					Kshs	Kshs
	Fee on Boarding equipment and stores				67,410,751	70,160,996

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	Repairs, maintenance & improvement			6,100,000	5,693,182
	Electricity and water			14,815,437	11,864,401
	Local Transport / Travelling			2,076,345	4,440,208
	Activity			846,449	1,185,224
	Administration costs			4,739,238	5,253,552
	Personal emoluments			17,077,500	17,116,092
	Medical			-	-
	Total			113,065,720	115,713,655
5	Miscellaneous income				
				2023-2024	2022-2023
				Kshs	Kshs
	Rent Income			579,540	297,750
	Income from farming activities			3,168,775	793,494
	Insurance compensation			-	-
	Income from posho mill			-	-
	Income from Bus Hire			65,000	79,600
	Fee for Hire of Ground and Equipment				
	PA Bus project			15,525,000	
	Total			19,338,315	1,170,844
6	PAYMENTS FOR TUITION			2023-2024	2022-2023
				Kshs	Kshs
	Text books			6,902	-
	Exercise books			652,500	-
	Laboratory equipment and chemicals			3,201,977	-
	Teaching/learning materials			2,769,880	7,198,441
	Reference Materials			712,650	
	Bank charges			6,710	1,560

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Annual Report and Financial Statements For the year ended 30th June 2024

	others- specify				
	Total			7,350,619	7,200,001
7	Payments for operations				
				2023-2024	2022-2023
				Kshs	Kshs
	Repairs and maintenance			-	-
	Personal emoluments			7,500,839	12,870,274
	Local transport / travelling			2,581,562	2,519,587
	Electricity and water			6,053,295	6,469,679
	Medical			-	
	Administration costs			3,324,641	2,919,036
	Activity			1,975,642	1,227,844
	TOTAL			21,435,979	26,006,420
8	Payment for infrastructure				
				2023-2024	2022-2023
				Kshs	Kshs
	Construction of classrooms			1,202,721	9,914,452
	Construction of Dormitory			6,068,082	-
	Perimeter wall, stadium renovation			982,757	
	Bank charges			9,040	1,305
	TOTAL			8,262,600	9,915,757
9	Boarding and school fund payments			2023-2024	2022-2023
				Kshs	Kshs
	Fee on Boarding equipment and stores			76,037,638	67,513,732
	Repairs and maintenance			11,928,021	4,879,982

Cardinal Otunga High School Mosocho

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	Electricity and water				14,039,526	14,334,891
	Local transport / travelling				2,970,527	3,524,723
	Activity				2,294,640	2,637,649
	Administration costs				5,329,371	5,740,097
	Personal emoluments				16,244,210	12,049,848
	PA Bus Project				7,000,000	
	Farm expenses				973,630	729,220
	TOTAL				136,817,563	111,410,143
10	BANK ACCOUNTS					
	Account Name & Currency		Status	Bank Account	2023-2024	2022-2023
			Active/ Dormant	Number	Ksh	Ksh
	Tuition Account (NBK)		Active	01025033723500	3,035,795	359,292
	Operations Account (NBK)		Active	01021033723500	13,092,003	2,629,741
	School Fund Account (Kcb)		Active	1180275160	1,429,895	1,841,476
	School Fund Account (Equity)		Active	0510279683758	203,198	524,477
	School Fund Account (Absa)		Active	2026220753	2,713,754	314,916
	Bus Account (Nbk)		Active	01242034138200	39,883	2,675,173
	Gratuity Account (Ecobank)		Active	66222000436	1,213,748	1,226,572
	Infrastructural Account (Kcb)		Active	1142323781	669,681	40,225
	Farm Account (Ecobank)		Active	6622000435	423,021	640,132
	Ngcdf (Cooperative back)		Active	01141789052900	185,233	187,136
	Total				23,006,211	10,439,140

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11	Cash in hand					
	Description				2023-2024	2022-2023
					Kshs	Kshs
	Tuition Account				-	-
	Operation Account				11,356	9,297
	School Fund account				9,529	7,369
	Total				20,884	16,666
12	Short term investments				2023-2024	2022-2023
	Description				Kshs	Kshs
	Cooperative shares				-	-
	Treasury Bills				-	-
	Total				-	-
13	Accounts receivable				2023-2024	2022-2023
	Description				Kshs	Kshs
	Fees arrears				35,208,556	35,347,196
	Other non-fees receivables (R/d)				97,500	1,665,255
	Rent arrears (List/ schedule attached)				448,950	-
	Total				35,755,006	37,012,451
13b	Ageing Analysis of Accounts Receivable				2023-2024	2022-2023
	Description				Kshs	% of the Total
	1 Year and Less				24,443,341	69
	Between 1-2 Years				10,765,215	31
	Between 2-3 Years				-	-
	Over 3 Years				-	-
	Total				35,208,556	35,347,196

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14	Accounts payable				2023-2024	2022-2023
	Description				Kshs	Kshs
	Trade creditors (See ageing below and appendix 1)				18,853,535	12,699,322
	Prepaid fees				9,328,344	5,174,441
	Total				28,181,879	17,873,763
14b	Ageing Analysis of Accounts Payable		2023-2024		2022-2023	
	Description		Kshs	% of the Total	Kshs	% of the Total
	1 Year and Less		15,744,775	84	12,699,322	100
	Between 1-2 Years		3,108,760	16		
	Total		18,853,535	100	12,699,322	100
15	Fund balance brought forward				2023-2024	2022-2023
	Description				Kshs	Kshs
	Bank balances				10,439,140	11,974,823
	Cash balances				16,666	12,271
	Receivables				37,012,451	23,732,562
	Payables				(17,873,763)	(7,960,038)
	Total				29,594,494	27,759,618
16	Non-current Liabilities Summary				2022-2023	2021-2022
	Description				Kshs	Kshs
	Bank loan(s)					-
	Total					-
17	Biological assets	Numbers			2023-2024	2022-2023
	Description				Kshs	Kshs

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Annual Report and Financial Statements For the year ended 30th June 2024

	Cattle				-
	Pigs	23			138,000
	Trees	2000			400,000
	Poultry	200			-
	Total				538,000
18	Borrowings			2023-2024	2022-2023
	Description			KShs	KShs
	Borrowing at beginning of the year				
	Balance at end of the year				-
19	Stock/ Inventory			2023-2024	2022-2023
	Description			KShs	KShs
	Stock/Inventory				
	Food stuff				-
	Lab Consumables				-
	Farm Produce				
	Medication				
	Construction Materials				-
	Others- Specify				-

Cardinal Otunga High School Mosoch

Annual Report and Financial Statements For the year ended 30th June 2024

1 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)
BASIS FOR QUALIFIED OPINION				
1	Accounts Receivables			
1.1	Unsupported Accounts Receivable	The management has acted on recommendation made	Resolved	
1.2	Long Outstanding Receivables	Management has put policy in place to collect required fees arrears in time. However policy changes on fee collection and issuance of KCSE certificates makes it a challenge to collect fees arrears.	Not Resolved	30 June 2027
2	Unsupported Payables	Fees prepaid schedules have been prepared and provided for audit review.	Resolved	
3	Inaccuracies in the Financial Statements	Management has adjusted the financial statements to reflect cash basis accounting that eliminates incorporated figures of current fees arrears and commitments respectively. Management will consult more on treatment of current fees arrears and commitments.	Resolved	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1	Irregular Transfer of Funds to Kenya Secondary Schools Heads Association	The school management will seek guidance from the ministry of education on how the school will participate and incur expenditure on co-curricular activities at the sub county level before transferring funds to KESSHA for organization and coordination of sports activities.	Not Resolved	30 June 2027
2	Underfunding of Capitation Grants	The school management will seek guidance from the	Not Resolved	30 June 2027

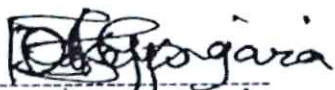
Cardinal Otunga High School Mosoch

Annual Report and Financial Statements For the year ended 30th June 2024

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		ministry of education the issue of Capitation grants		
3	Failure to Transfer of Infrastructure Funds from Operations Bank Account	Management has adjusted the financial statements to correctly reflect the Infrastructure Funds from Operations Bank Account	Resolved	
4	Lack of a Procurement Plan	Management has prepared and provided the procurement plans for audit review	Resolved	
5	Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements	Management has adjusted the financial statements to comply with the Requirements Public Sector Accounting Standards Board Reporting as per template provided.	Resolved.	

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1	Lack of Land Ownership Documents	Title deeds for the land to confirm the ownership status provided for audit review.	Resolved.	
2	Inadequate Infrastructure and Related Facilities	The school management will seek guidance from the ministry of education on how the school can improve on the Infrastructure and Related Facilities.	Not Resolved	30 June 2027
3	Poor Management of Text Books	The school management will seek guidance from KICD on the policy on management and supply of text books.	Not Resolved	30 June 2027


 Sign and Date
 Principal 28.4.2025

Cardinal Otunga High School Mosocho
Annual Report and Financial Statements For the year ended 30th June 2024

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.						
2.						
3.						
Sub-Total						
Supply Of Goods						
4.						
5.						
Sub-Total						
Supply Of Services						
6.						
7.						
8.						
Sub-Total						
Grand Total						

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1 st July 2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2024
Land	68,400,000.00	0	0	68,400,000.00
Buildings And Structures	185,200,000.00	11,387,200.00	0	196,587,200.00
Motor Vehicles	10,700,000.00	14,766,000.00	0	25,466,000.00
Office Equipment, Furniture and Fittings	31,579,100.00		0	31,579,100.00

Cardinal Otunga High School Mosocho
Annual Report and Financial Statements For the year ended 30th June 2024

Asset Class	Historical Cost b/f (Kshs) 1st July 2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2024
Textbooks	37,247,000.00			37,247,000.00
ICT Equipment	12,342,000.00			12,342,000.00
Tools And Apparatus	5,908,440.00			5,908,440.00
Other Machinery and Equipment	9,840,000.00			9,840,000.00
Heritage And Cultural Assets				
Intangible Assets- Soft Ware	500,000.00			500,000.00
Total	361,716,540.00	26,153,200.00		387,869,740.00

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