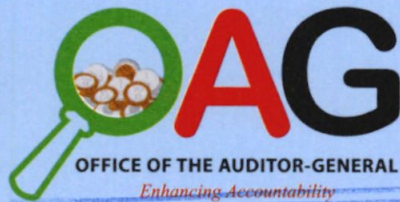


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 JUL 2026	DAY: WED
TABLED BY:	Hon. Robert Pukia
CLERK-AT THE-TABLE:	J. Lemereke.

THE AUDITOR-GENERAL

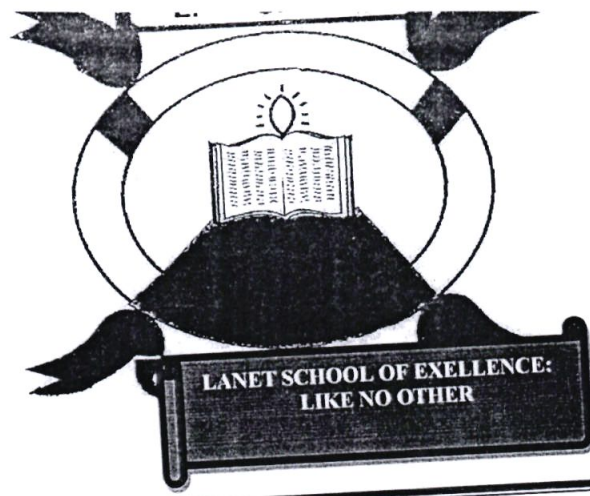
ON



LANET SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2022

NAKURU COUNTY



LANET SECONDARY SCHOOL PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30 June 2022**

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

LANET SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30 June 2022

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KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

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

The school was registered in 11/04/2022 under registration number **32S30000272** and is currently categorized as a Sub-County School established, owned or operated by the Government.

The school is a day mixed school and had **1362** number of students as at 30th June 2022. It has 6 streams in 41 teachers of which 8 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.	BRIG.J.M. NKOIMO	Chairman	23RD MAY 2022
2.	AGNES ANNE AWINO	Secretary - Principal	23RD MAY 2022
3.	PASTOR ALICE NGANGA	Member	23RD MAY 2022
4.	GEORGE KINYANJUI	Member	23RD MAY 2022
5.	NANCY KINYANJUI	Member	23RD MAY 2022
6.	JOHNSON NJARAMBA	COMMUNITY REPS	23RD MAY 2022
7.	GEORGE NDIRAI	COMMUNITY REPS	23RD MAY 2022
8.	GEORGE MWAURA	COMMUNITY REPS	23RD MAY 2022
9.	MARY MBUGUA	COMMUNITY REPS	23RD MAY 2022
10.	SAMMY NJOROGI	COMMUNITY REPS	23RD MAY 2022
11.	VIRGINIA NGUMBA	COMMUNITY REPS	23RD MAY 2022
12.	WILLY KARIUKI	CEB REP	23RD MAY 2022
13.	SAMSON GITAU	TEACHING STAFF REP	23RD MAY 2022
14.	MAJ.CAREN B. MAKORI	SPONSOR REP	23RD MAY 2022
15.	WOI HARRIET ANYONGE	SPONSOR REP	23RD MAY 2022
16.	MAJ (FR) PK KORIR	SPONSOR REP	23RD MAY 2022
17.	JUDY WAIRIMU MIRANGO	MEMBER SPECIAL NEEDS	23RD MAY 2022

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The functions of the School Board of Management include:

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

(c) Committees of the Board

Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1.	Executive Committee	Brig J.M. Nkoimo Agnes Awino Nancy kinyanjui George mwaura Alice Ng'ang'a	chairman principal vice chairman BOM Member BOM Member	3 times
2.	Audit Committee	Johnson njaramba George kinyanjui Judy wairimu Mary mbugua	Member PA chair Member member	1 time
3.	Finance, procurement and general purposes Committee	Brig J.M. Nkoimo Agnes Awino George Ndirai WOI Harriet Anyonge George kinyanjui	Bom Chairman Principal Member Member PA chair	1 time
4.	Academic Committee	Janet Ruto Willy Kariuki Pas. Alice Nganga Major Caren B makori Maj. Fr. PK Korir		2 times

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5.	Development Committee	Virginia ngumba Anne awino Samson gitau Brig. J. M Nkoimo George kinyanjui	Chairperson Principal Deputy principal BOM chairman P.A chair	4 times
6.	Discipline and welfare Committee	Judy wairimu Alice ng'ang'a Major caren B. Makori George mwaura	Chairperson Member Member member	1time
7	Adhoc Committee (if any during the year)	N/A		

(d) School operation Management

For the financial year ended 30th June 2022 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	AGNES ANNE AWINO	311064
2	Deputy Principal	SAMSON GITAU	373708
3	School Bursar	DUNCAN GACHERU	N/A

(e) Schools contacts

Post Office Box: 577-20100
 Telephone: 0703 111 475
 E-mail: lanetmixedhighschool@hayoo.com
 Website: <http://www.latetsecondaryschool.sc.ke>
 Facebook: N/A
 Twitter: N/A

(f) School Bankers

The following school operated 7 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

- Name of Bank: National Bank
 Branch: Nakuru
 Account Number: 01025021073400 – Tuition
 01025021174100- Operations
 01021019829700- Lunch/BES dormant
 0102211383500 – Infrastructure

LANET SECONDARY SCHOOL
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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

2. Name of Bank: Equity
 Branch: Gate-House
 Account Number: 013029940611 – lunch/ BES
 0130267309024 – School Bus
 0130279015064 - CDF
3. MPESA Pay Bill No. 247247 Account No 611940#ADM.NO attached to
 013029940611 Equity bank account

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

(g) Independent Auditors

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

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PUBLIC SECONDARY SCHOOL
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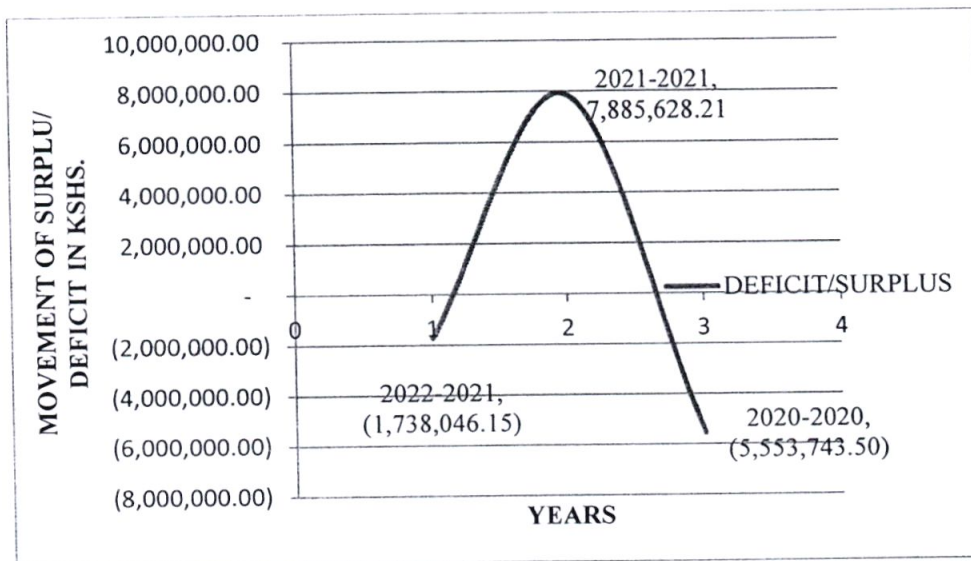
SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance:**

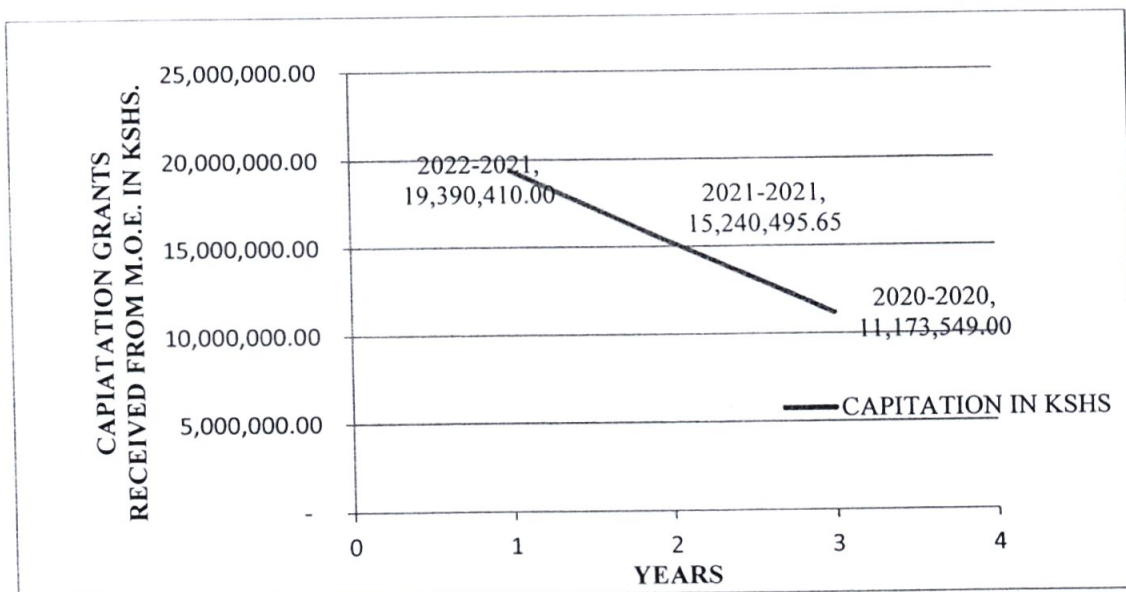
- *Surplus/ deficit for the year and a comparison of the same for the last three years*

YEAR	2022-2021	2021-2021	2020-2020
DEFICIT/SURPLUS	(1,738,046.15)	7,885,628.21	(5,553,743.50)



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

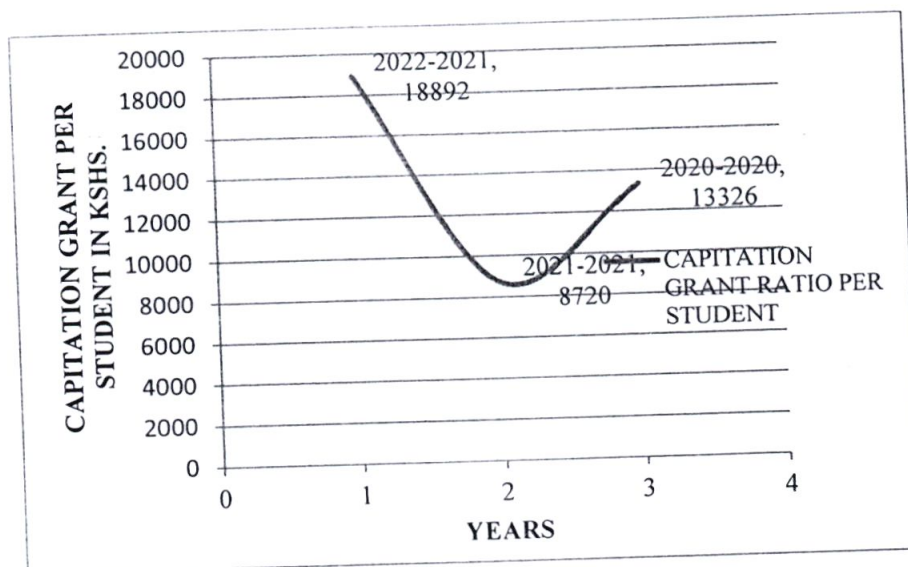
YEAR	2022-2021	2021-2021	2020-2020
CAPITATION IN KSHS	19,390,410.00	15,240,495.65	11,173,549.00



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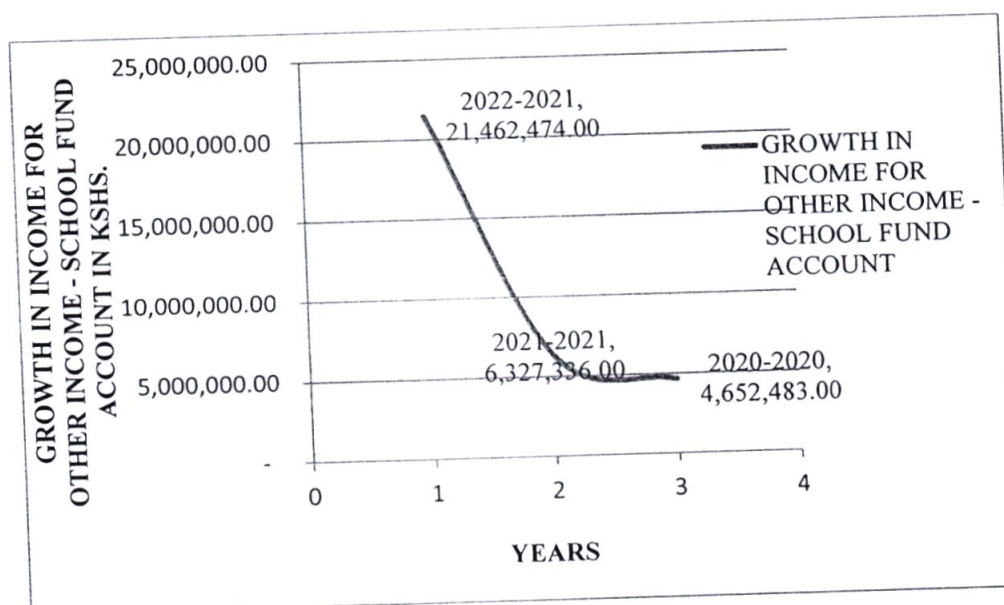
- Ratio of capitation grant per student over the last three years

YEARS	2022-2021	2021-2021	2020-2020
CAPITATION GRANT RATIO PER STUDENT	18,892.00	8,720.00	13,326.00



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

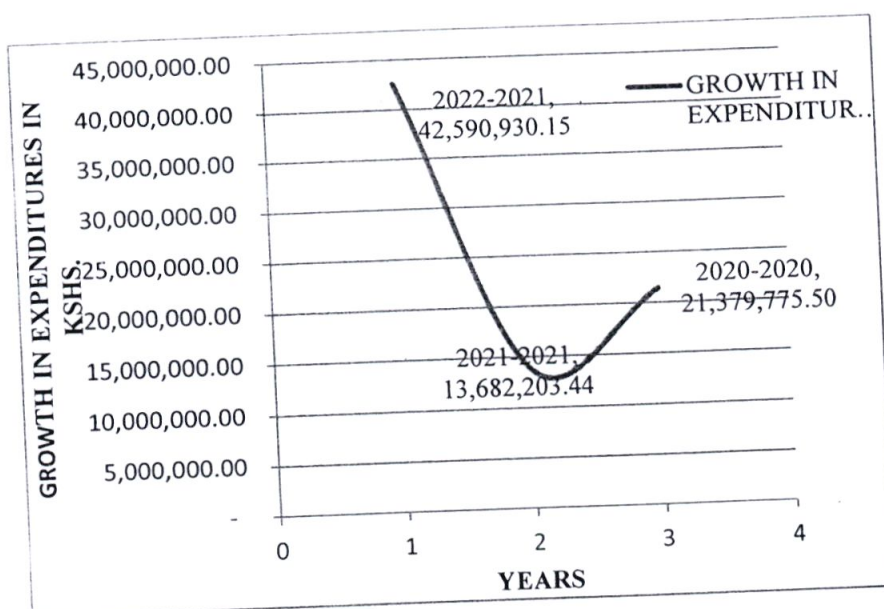
YEARS	2022-2021	2021-2021	2020-2020
GROWTH IN INCOME FOR OTHER INCOME - SCHOOL FUND ACCOUNT	21,462,474.00	6,327,336.00	4,652,483.00



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

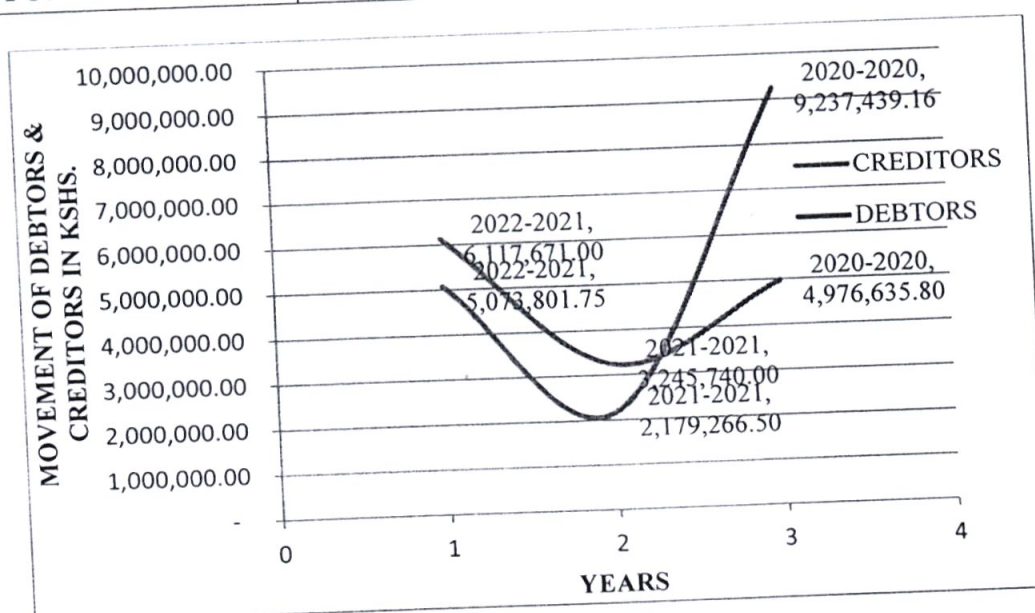
LANET SECONDARY SCHOOL
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YEARS	2022-2021	2021-2021	2020-2020
GROWTH IN EXPENDITURE IN KSHS.	42,590,930.15	13,682,203.44	21,379,775.50



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

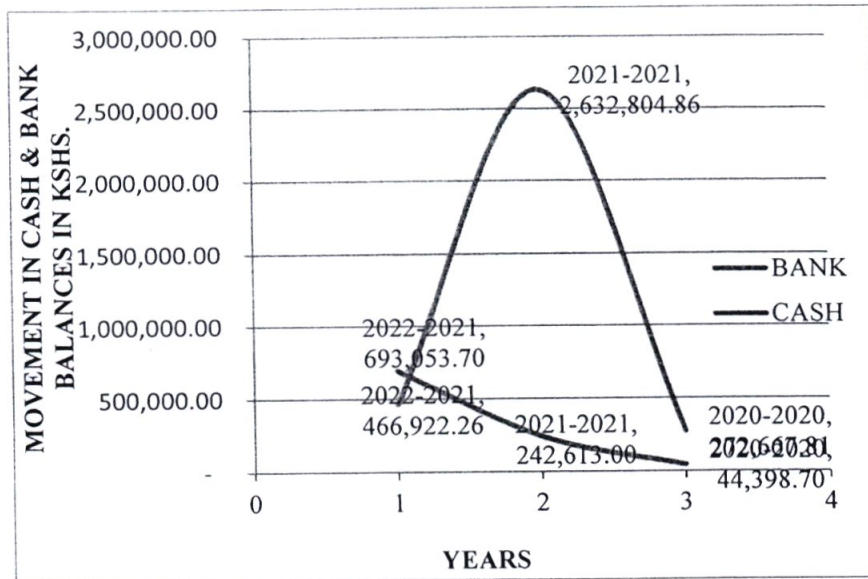
YEARS	2022-2021	2021-2021	2020-2020
CREDITORS	5,073,801.75	2,179,266.50	9,237,439.16
DEBTORS	6,117,671.00	3,245,740.00	4,976,635.80



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

YEARS	2022-2021	2021-2021	2020-2020
BANK	466,922.26	2,632,804.86	272,667.81
CASH	693,053.70	242,613.00	44,398.70



b) **Teacher Student ratio:**

Ration of teachers to students is **1: 33**

Transferred Teachers during the year 2022:-

- DORCAH MAGOMA BOSIRE** TCS NO. 461795
- MONICA CHEPNG'ENO LANGAT** TSC NO. 550062

Teaching staff

SN	NAME	TSC NO.	SUBJECTS	MOB. NO.
1	AGNES ANNE AWINO	311064	CRE/GEO	0722358349
2	SAMSON GITAU	373708	MATHS/PHY	0711852568
3	JANET RUTO	271915	GEO/CRE	0721366533
4	MARGARET K ORORI	316095	BIO / GEO	0723707377
5	ESTHER MUKAMI	703893	ENG/LIT	0723883866
6	RAHAB W. MWANGI	357131	MATHS	0722298773
7	DUNCAN K. NDUNG'U	416105	CHEM/BIO	0721296331
8	LOICE N BARASA	441145	GEO/KIS	0723155677

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9	NYURURU J. MWANGI	359004	MATH/GEO	0724849648
10	RICHARD KAMAU	828715	MATH/PHY	0798186911
11	SUSAN KIBOGONG	302761	GEO / HIST	0722895676
12	OLUM VALENTINE OTIENO	942844	FRE/ENG	0795595234
13	JANE KAMAU	272179	CHEM / BIO	0733983848
14	GEORGE M WARURU	441404	BS/MATHS	0726542145
15	PHYLLIS WAMORO	685192	BSS/MATHS	0704383454
16	TABITHA W. MBOLU	364220	KISW / CRE	0727711879
17	SAMUEL CHEGE	399399	AGRI/BIO	0721549806
18	DOUGLAS MOENGA	512686	COMP/MATHS	0714818366
19	JOHN MUNENE	361401	GEO/HIST	0729088011
20	JANE MWANGI	545734	BIO/AGRI	0710628087
21	GRACE M. NDUHIU	357385	CRE/HIST	0721353007
22	KURGAT JARED N.	603419	CRE/HIST	0727573130
23	THOMAS GACHOKA	270730	ENG/LIT	0720219991
24	MIRIAM KIRAGU	387202	ENG/LIT	0723910880
25	JANET KIBIRECH	436582	ENG/LIT	0700639377
26	MARK NJIIRI	541601	HIST/CRE	0733929957
27	DORCAH BOSIRE	461795	BSS	0799299439
28	HELLEN WANJIRU K.	505648	ENG/LIT	0727798022
29	AURELIA JERUTO	848757	HSC/BIO	0790552565
30	NAOMI CHEPKIRUI	698887	KISW/CRE	0716854069
31	THUO JANE WAMAITHA	568262	BIO/AGRI	0725552190
32	SYLVIA NGENGOI	824038	BSS/KISW	0727002857
33	CELESTINE NYABUTI	815829 (BOM)	KIS/CRE	0725980982
34	SUSAN WACHIRA	672880 (BOM)	BIO/CHEM	0722679951
35	OLUM VALENTINE OTIENO	942844 (Intern)	FRE/ENG	0795595234
36	JORAM VALERIE ATIENO	923383 (BOM)	MATH/GEO	0795610140
37	SAMUEL MWANGI	903657 (BOM)	HIST/CRE	0723463766
38	ANNE NTHIANI	912939(BOM)	MATH/CHEM	0709249369

Short fall – 10 teachers

Subject Combination

CHEM/BIO	-	2
PHY/CHEM	-	1
HIST/CRE	-	2
MATHS/CHEM	-	1
HSC/ANY OTHER	-	2
ART & DESIGN	-	1
GERMAN/MUSIC	-	1

C. Mean Score for the Last Three Years

SCHOOL'S
OVERALL RESULTS

LANET SECONDARY SCHOOL
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YEAR	ENTRY	GRADE											MSC	DEV	GRADE
		A	A-	B+	B	B-	C+	C	C-	D+	D	D-			
2021	187	0	0	1	0	5	4	11	16	35	62	49	3.486	0.6274	D+
2020	158	0	0	1	1	4	6	11	32	41	43	19	4.1139	-0.372	D+
2019	146	0	0	2	1	9	12	11	29	29	37	16	4.486	0.165	D+

Transition to higher Education

2021	C+ and above	-	10 students
2020 -	C+ and above	-	12 students
2019	C+ and above	-	24 students

(d) Capacity of the school:

ENROLLMENT 2021/2022

	<u>BOYS</u>	<u>GIRLS</u>	<u>TOTAL</u>
FORM 1	207	193	400
FORM 2	233	195	428
FORM 3	175	136	311
FORM 4	123	100	223
TOTAL	738	630	1362

GRAND TOTAL 1,362

INFRASTRUCTURE

1. Class rooms - 15
 Shortfall - 8

2. Laboratories

Science (each for 60 student

<u>Available</u>	<u>Shortfall</u>
3	1

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Home Science	(Capacity of 45 students)	1	1(Bigger and appropriate)
Computer	(Capacity of 30 Students)	1	1(Bigger)
3. Library	(Capacity of 50 students)	1	1(Bigger, capacity to more than 200 students)
4. Geography room		1	
5. French room		1	
6. Kitchen			Semi permanent
7. Multipurpose Hall (Hall and Kitchen)	-Paused at foundation level.		
8. Water sources	– Rain water, Kenya Military Academy piped water (rationed) and water bowsers.		

There is a need for borehole, **urgently**.

9. Sanitation:

Boys' toilet = 16

Boys' Special need toilets – 1door

Girls Toilets = 18

TOTAL 34

Staff toilets - male – 5

Female -4

TOTAL 9

Washing hand points – 45 taps

(f) Additional information on plant, property and equipment

ITEMS	NUMBER(UNIT)
Land with title under Kenya Defence Forces	13 acres
51 seater FRR Isuzu bus KCE 719 D	1
Admin block	1
Science laboratories	3
Water tanks	12
Milk producing cows	6
bulls	1

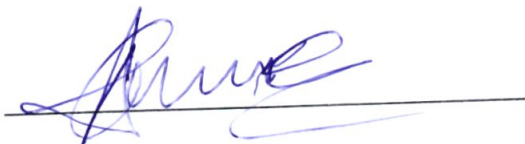
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Calves	3
Pangas,jembes ,saw ,pliers 1, spade, hammer	
wheelbarrows	5
Library books- textbooks, reference books	54,786
Mature trees	270
Photocopy machine KYOCERA	1
Copy printer	1
computers	33
Small printers	7
Main gate	1
Students chairs and desks	1362
Office chairs/staffroom chairs	50
Office/ staffroom tables	5
Deep freezer	1

(g)Development projects carried out by the school:

YEAR	PROJECT	SOURCES OF FUNDS
2020/2021	Multipurpose hall – Foundation level	MOE
2022	3.No Classroom	MOE

Sign



School Principal

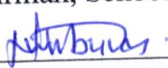
STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

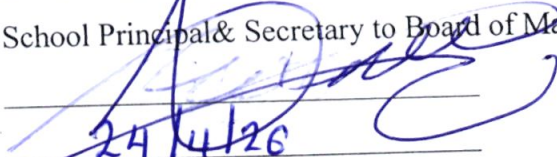
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant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

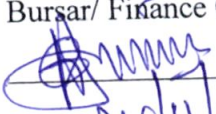
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to keep all proper books and records of accounts of the income, expenditure and assets of the institution.

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2022, and of the school's financial position as at that date.

Name: **BRIG. J.M. NKOIMO**
Designation: Chairman, School Board of Management
Sign: 
Date: 24/4/26

Name: **AGNES ANNE AWINO**
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 24/4/26

Name: **DUNCAN GACHERU**
Designation: Bursar/ Finance Officer
Sign: 
Date: 24/4/26

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LANET SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – NAKURU COUNTY

PREAMBLE

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

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

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 financial statements of Lanet Secondary School set out on pages 16 to 33, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of

cash flows, statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects,, the financial position of Lanet Secondary School as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis), and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

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

1.1 Lack of Supporting Ledgers for Financial Statement Balances

The statement of receipts and payments reflects Kshs.3,574,185, Kshs.19,771,209 and Kshs.19,245,536 in respect of payments for tuition, operations, and boarding and school fund as disclosed in Notes 5, 6 and 7 to the financial statements. Further, the statement of financial assets and financial liabilities reflects Kshs.6,117,671 and Kshs.5,073,802 in respect of accounts receivable and accounts payable balances as disclosed in Note 11 and 12 to the financial statements. However, Management did not provide ledgers in support of the reported figures and balances.

In the circumstances, the completeness, accuracy, presentation and disclosure, existence, valuation, rights and obligation and occurrence of account balances and classes of transactions disclosed in the financial statements could not be confirmed.

1.2 Inaccuracy in the School Fund Income – Parents Contribution

The statement of receipts and payments reflects school fund income – parents contribution amount of Kshs.19,402,673 as disclosed in Note 3 to the financial statements. However, the ledger reflects an amount of Kshs.16,294,010 resulting in an unexplained and unreconciled variance of Kshs.3,107,327.

In the circumstances, the accuracy of the school fund income – parents contribution amount of Kshs.19,402,673 could not be confirmed.

1.3 Incorrect Comparative Year Balances

Review of the statement of receipts and payments and the statement of cashflows revealed incorrect transfer of prior year balances resulting in an unexplained and unreconciled variances as shown below;

Statement of receipts and payments	Comparative Year Balances	Prior Year Balances	Variance
Receipts	Kshs.	Kshs.	Kshs.
School Fund Income – Parents Contribution	0	6,338,962	6,338,962
School Fund Income – Other Receipts	6,327,336	0	(6,327,336)
Payments			
Payment for operations	7,062,060	8,303,868	1,241,808
School fund payments	4,712,467	3,659,780	(1,052,687)
Statement of Financial Assets and Financial Liabilities			
Total Financial Assets	6,121,158	6,081,185	(39,973)
Accounts Payable	2,179,267	2,442,672	263,405
Net Financial Assets	3,941,891	3,678,486	(263,405)
Accumulated fund b/fwd	(3,943,737)	(4,029,647)	(85,910)
Surplus/deficit for the year	7,885,628	7,708,133	(177,495)
Net Financial Position	3,941,891	3,678,486	(263,405)
Statement of Cashflows			
School Fund Income – Other Receipts	6,327,336	1,999,875	(4,327,461)
Payments for tuition	6,149,613	7,391,421	1,241,808
School Fund Payments	4,712,467	3,659,780	(1,052,687)
Net cashflows from investing activities	(912,446)	3,430,825	4,343,271
Net increase in cash and cash equivalents	2,558,351	2,518,378	(39,973)
Cash and cash equivalents at end	2,875,418	2,835,445	(39,973)

In the circumstances, the accuracy and completeness of the statement of receipts and payments and the statement of cashflows could not be confirmed.

1.4 Inaccuracy of the Statement of Budgeted Versus Actual Amounts

The statement of budgeted versus actual amounts reflects budget utilization difference for total income of Negative balance of Kshs.440,385 instead of the re-casted amount of Kshs.3,658,829, resulting in an unexplained and unreconciled variance of Kshs.4,099,214.

In the circumstances, the accuracy of the budget utilization difference for total income of Negative balance of Kshs.440,385 could not be confirmed.

2. Unsupported Accounts Receivable Balance

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.6,117,671 as disclosed in Note 11 to the financial statements. However,

the ledger and the detailed aging analysis supporting the fees arrears exceeding one (1) year of Kshs.2,257,260 was not provided for audit review.

In the circumstances, the accuracy and completeness of the accounts receivable balance of Kshs.6,117,671 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.44,511,713 and Kshs.40,852,884 respectively, resulting in an under-funding of Kshs.3,658,829 or 8% of the budget. However, the School spent an amount of Kshs.42,590,930 against actual receipts amounting to Kshs.40,852,884 resulting in an over-utilization of Kshs.1,738,046 or 104% of actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

The Management is responsible for the Other Information set out on pages 2 to 14 which comprise of Key School Information and Management, Summary Report of Performance of the School, and the Statement of School Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Schools 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 and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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 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 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. Non-compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements

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

- i. There were no chapter references in the table of content or within the body of the report. Further, the table contained a non existing chapter titled '1 time';
- ii. The statement of cashflow reflects net cashflows from investing activities balance of Kshs.9,769,888. However, the balance is presented as a cash inflow instead of a cash outflow;
- iii. The statement of cash flows is presented in both the direct and indirect methods instead of the recommended direct method only;
- iv. In the Summary Report on the School's Performance, the number of candidates for the 2019–2021 KCSE is missing. There are also errors in subsection sequencing: In addition, subsection (f) titled as additional information on plant, property and equipment is not provided for in the revised financial reporting template of 2021-2022;
- v. Annex I to the financial statements presents an analysis of pending accounts payable; however, the comments column has been omitted;
- vi. The comparative reporting period in the Notes to the accounts is incorrectly indicated as 2021–2021 instead of 2020–2021; and

- vii. The approved financial reporting template for public secondary schools for the 2021–2022 financial year includes 'Other Important Disclosures' under the notes to the financial statements, requiring disclosure of stock/inventory items held by the School at the end of the financial period. However, both the stock items and their corresponding monetary values were omitted.

In the circumstances, Management did not comply with the PSASB guidelines.

2. Late submission of Financial Statements to the Auditor-General

During the year under review, Management submitted the financial statements to the Auditor-General on 17 February, 2023 instead of the statutory deadline of 30 September 2021. This was contrary to the Ministry of Education Circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the school's financial statements should be ready by 30 September, 2021.

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

3. Irregularities in Procurement Processes

3.1 Unstructured Procurement Processes

The statement of receipts and payments reflects total payments amounting to Kshs.42,590,930. However, Management did not provide for audit verification the requisite procurement documents, including the tender register; tender opening committee appointment letters and minutes; tender evaluation committee appointment letters and minutes; preliminary tender evaluation checklists; individual technical and financial evaluation score sheets; acceptance letters of award by the successful bidders; signed contracts or local purchase orders; and professional opinions, thereby limiting the ability to verify compliance with procurement procedures.

In the circumstances, Management was in breach of the law

3.2 Lack of a Functional Procurement Unit

The School did not have a formal 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. Instead, procurement activities were carried out by individuals without the necessary qualifications, thereby exposing the School to the risk of applying inappropriate procurement methods.

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

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

The statement of receipts and payments reflects operations payments amount of Kshs.19,771,209 as disclosed in Note 6 to the financial statements. Included in the

expenditure is an amount of Kshs.897,800 paid 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.897,800 could not be confirmed.

5. Lack of an Approved Procurement Plan

The statement of receipts and payments reflects total payments of Kshs.42,590,930. However, review of the procurement processes of the School revealed that there was no approved procurement plan that outlines the procurement procedures for the School such as; -

- a) A schedule of the planned delivery, implementation or completion dates for all goods, works, or services;
- b) The sources of funds;
- c) A master procurement schedule, showing the target dates for procurement related activities and the actual progress;
- d) An allocation reserved to youth, women and people living with disabilities; and
- e) The procurement method to be used.

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

6. Failure to Open Separate Bank Account

The statement of receipts and payments reflects school fund – other receipts of Kshs.2,059,801 as disclosed in Note 4 to the financial statements. However, review of School revenue records revealed that income from farming and bus hire of Kshs.1,037,601 and Kshs.1,022,200, respectively, were deposited into the savings account designated for gratuity and related expenses. Management has not opened or operated a separate bank account for miscellaneous income, and income from other sources contrary to Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 on guidelines on implementation of Free Day Secondary Education (FDSE) which requires that schools with income generating activities to open separate bank accounts for the same.

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

7. Virement (Reallocation) of Funds from Operations Account

The statement of receipts and payments reflect payments for operations balance of Kshs.19,771,209. Included in this amount is Kshs.208,000 transferred to the boarding and school fund account contrary to the Ministry of Education Circular Ref. No: MOE/G1/9/1/44 dated 9 January, 2008 and MOE.HQS/3/13/3 dated 16 June, 2021 which

directs that under the operations account, schools may seek authority from the CEBs to vire savings or surplus funds from one item to another, when it is absolutely necessary.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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, 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 overall governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

During the year under review, the School did not constitute an internal audit unit and an audit committee as required by Section 73 Subsection (1) (a), and Subsection 5 of the Public Finance Management Act 2012 which state that every national government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board and that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

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

2. Lack of Risk Management Policy

Review of documents revealed that the school does not have a formally documented and approved Risk Management Policy. There is no structured framework in place to identify, assess, monitor, and mitigate risks across operational, financial, strategic, and compliance areas.

In the circumstances, the School is exposed to heightened operational, financial, and compliance risks due to the absence of a structured framework for identifying, assessing, and managing risks.

3. Weaknesses in Information Technology Internal Controls

The review of Information Communication Technology (ICT) revealed that the School did not have in place the following controls in regards to Information Technology (IT):

- a) Documented policies which cover physical access to IT environments. This could result in loss of information due to damage or theft;
- b) Disaster management and recovery policies including fire suppression systems;
- c) An IT steering committee and IT strategic committee;
- d) Lack of a duly signed contract between the Accounting System vendor and the school; and
- e) Business continuity plan and the IT continuity plan including an off-site back up plan.

In the circumstances, the School is exposed to significant risks including loss or compromise of data, disruption of critical operations and inability to promptly recover from disasters or system failures, which may adversely affect service delivery and financial reporting.

4. Long Outstanding Receivable Balances

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.6,117,671 in respect of fees arrears as disclosed in Note 11 to the financial statements. However, included in the balance are receivables amounting to Kshs.2,257,260 which had been outstanding for more than one (1) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivable balance.

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

5. Non-Disclosure of Summary of Fixed Assets Register in the Financial Statements

Annex 2 to the financial statements presents a summary of the fixed asset register which does not indicate the date of purchase. Further, the columns for disposals during the year and historical cost carried forward (c/f) were omitted, while the columns for location, historical cost brought forward (b/f), and additions during the year were blank.

In addition, review of the School records revealed that the School is situated in a parcel of land measuring 508.1 hectares. This land was issued to the Cabinet Secretary, National Treasury, with the Department of Defence designated as trustee of the land. The School is situated within this parcel of land measuring 508.1 hectares. Further review of the deed plan indicated that the School was allocated 16.786 acres within the larger parcel. However, as at the time of audit, the School did not possess a title deed in its name, as the portion occupied by the School had not been surveyed and delineated from the mother title.

In the circumstances, the transfer of the title deed was still pending and ownership 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 Management and Board of Management

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Schools ability to sustain its services, disclosing as applicable matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease operations.

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

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

The Board of Management is responsible for overseeing the Schools financial reporting process, reviewing the effectiveness of how the 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



LANET SECONDARY SCHOOL
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STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

DESCRIPTION OF VOTE HEAD	Note	2021 - 2022 Kshs	2020 - 2021 Kshs
RECEIPTS			
Capitation grants for tuition	1	3,614,673.80	1,999,874.50
Capitation grants for operations	2	15,775,736.20	13,240,621.15
School Fund Income- Parents' Contributions	3	19,402,673.00	-
School Fund Income- Other receipts	4	2,059,801.00	6,327,336.00
Proceeds from borrowings		-	
TOTAL RECEIPTS		40,852,884.00	21,567,831.65
PAYMENTS			
Payments for Tuition	5	3,574,184.75	1,907,677.25
Payments for operations	6	19,771,209.10	7,062,059.69
Boarding and school fund payments	7	19,245,536.30	4,712,466.50
TOTAL PAYMENTS		42,590,930.15	13,682,203.44
SURPLUS/DEFICIT		(1,738,046.15)	7,885,628.21

The school financial statements were approved on _____ 2022 and signed by:

Name: NANCY KINYANJUI Name: Agnes Anne Awino Name: DUNDAN GACHEMI
Chairman, B.O.M. School Principal/ Secretary to BOM Bursar/ Finance Officer
Sign: [Signature] Sign: [Signature] Sign: [Signature]
Date: 24/4/26 Date: 24/4/26 Date: 24/4/26

LANET SECONDARY SCHOOL
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STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2022

	Note	2021 - 2022 Kshs	2020 - 2021 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	466,922.26	2,632,804.86
Cash Balances	9	693,053.70	242,613.00
Short term Investment	10	-	-
Total Cash and cash equivalent		1,159,975.96	2,875,417.86
Account's receivables	11	6,117,671.00	3,245,740.00
TOTAL FINANCIAL ASSETS		7,277,646.96	6,121,157.86
FINANCIAL LIABILITIES			
Accounts Payables	12	5,073,801.75	2,179,266.50
NET FINANCIAL ASSETS		<u>2,203,845.21</u>	<u>3,941,891.36</u>
REPRESENTED BY			
Accumulated Fund b/fwd	13	3,941,891.36	(3,943,736.85)
Surplus/Deficit for the year		(1,738,046.15)	7,885,628.21
NET FINANCIAL POSSITION		<u>2,203,845.21</u>	<u>3,941,891.36</u>

The school financial statements were approved on _____ 2022 and signed by:

Name: NANCY KINYANSUI

Chairman, B.O.M.

Sign: [Signature]

Date: 24/4/2022

Name: Agnes Anne Awino

School Principal/
Secretary to BOM

Sign: [Signature]

Date: 24/4/2022

Name: Duncan GACHAU

Bursar/
Finance Officer

Sign: [Signature]

Date: 24/4/2022

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

		2021 - 2022	2020 - 2021
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	3,614,673.80	1,999,874.50
Capitation grants for operations	2	15,775,736.20	13,240,621.15
School fund income- Parents contributions/ fees	3	-	-
School fund income- other receipts	4	21,462,474.00	6,327,336.00
Total receipts		40,852,884.00	21,567,831.65
Payments			
Payments for Tuition	5	3,574,184.75	1,907,677.25
Payments for operations	6	10,001,321.10	6,149,613.35
Boarding and school fund payments	7	19,245,536.30	4,712,466.50
Total payments		32,821,042.15	12,769,757.10
Net cash flow from operating activities		8,031,841.85	8,798,074.55
Adjusted for:			
Changes in Receivables		(2,871,931.00)	1,730,895.80
Changes in Payables		2,894,535.25	(7,058,172.66)
Accruals to cash Adjustments		-	-
Total Adjustments		22,604.25	(5,327,276.86)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		9,769,888.00	(912,446.34)
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash flows from Investing Activities		9,769,888.00	(912,446.34)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,715,441.90)	2,558,351.35
Cash and cash equivalent at BEGINNING of the year		2,875,417.86	317,066.51
Cash and cash equivalent at END of the year		1,159,975.96	2,875,417.86

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STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
<i>(1) CAPITATION GRANT ON TUITION</i>						
						0%
	-	-	-	-	-	115%
Textbooks and reference materials	1,101,500.00	-	1,101,500.00	1,265,136.00	(163,636)	84%
Exercise books	857,800.00	-	857,800.00	722,935.00	134,865	79%
Laboratory equipment	591,250.00	-	591,250.00	469,908.00	121,342	201%
Internal exams	539,650.00	-	539,650.00	1,084,400.80	(544,751)	100%
Teaching / learning materials	36,190.00	-	36,190.00	36,147.00	43	0%
Chalks	-	-	-	-	-	0%
Exams and assessment	-	-	-	-	-	26%
Teachers guides	139,805.00	-	139,805.00	36,147.00	103,658	111%
Reference/Library	3,266,195.00	-	3,266,195.00	3,614,673.80	(348,479)	
TOTAL						
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						51%
Personnel emoluments	5,609,800.00	-	5,609,800.00	2,867,891.00	2,741,909.00	126%
Repairs and maintenance	4,760,500.00	-	4,760,500.00	5,986,500.00	(1,226,000.00)	204%
Local transport / travelling	702,500.00	-	702,500.00	1,433,945.10	(731,445.10)	135%
Electricity and water	989,520.00	-	989,520.00	1,338,349.10	(348,829.10)	176%
Medical & Insurance	128,950.00	-	128,950.00	226,600.00	(97,650.00)	135%
Administration costs	2,427,560.00	-	2,427,560.00	3,270,851.00	(843,291.00)	61%
Activity	1,065,000.00	-	1,065,000.00	651,600.00	413,400.00	101%
TOTAL	15,683,830.00	-	15,683,830.00	15,775,736.20	(91,906.20)	

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(3) FEES CHARGED ON PARENTS						
Personnel emoluments	-	-	-	-	-	
Repairs and maintenance	-	-	-	-	-	
Local transport / travelling	-	-	-		-	
Electricity and water	-	-	-	-	-	
Medical	-	-	-	-	-	
Administration costs	-	-	-	-	-	
Activity	-	-	-	-	-	
SMASSE	-	-	-	-	-	
TOTAL	-	-	-	-	-	
OTHER INCOME						
Fee on Boarding Equipment and Stores	23,500,600.00	-	23,500,600.00	19,402,673.00	4,097,927.00	83%
Income from farming activities	1,256,088.00	-	1,256,088.00	1,037,601.00	218,487.00	83%
Insurance compensation	-	-	-	-	-	-
Income from Posho mill	-	-	-	-	-	-
Income from Bus Hire	805,000.00	-	805,000.00	1,022,200.00	(217,200.00)	-
Fee for hire of ground and equipment	-	-	-		-	-
Income from grants and donations*	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Dividends income		-	-	-	-	-
TOTAL INCOME	44,511,713.00	-	44,511,713.00	40,852,884.00	(440,385.00)	96%
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials	-	-	-	-	-	0%
Exercise books	1,101,500.00	-	1,101,500.00	1,370,758.00	(269,258.00)	124%
Laboratory equipment	857,800.00	-	857,800.00	853,185.75	4,614.25	99%

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Internal exams	591,250.00	-	591,250.00	599,290.00	(8,040.00)	101%
Teaching / learning materials	539,650.00	-	539,650.00	715,651.00	(176,001.00)	133%
Chalks	36,190.00	-	36,190.00	-	36,190.00	0%
Exams and assessment	-	-	-	-	-	0%
Library & Reference Materials	139,805.00	-	139,805.00	35,300.00	104,505.00	0%
Administration Costs	-	-	-	-	-	0%
Bank Charges	-	-	-	-	-	0%
Total	3,266,195.00	-	3,266,195.00	3,574,184.75	(307,989.75)	109%
PAYMENTS FOR OPERATIONS						
Personal Emoluments	5,609,800.00	-	5,609,800.00	2,662,260.00	2,947,540.00	47%
Service Gratuity	-	-	-	-	-	0%
Administration Cost	2,427,560.00	-	2,427,560.00	3,270,851.00	(843,291.00)	135%
Repairs and maintenance & improvements	-	-	-	-	-	0%
Local transport / travelling	702,500.00	-	702,500.00	1,344,719.10	(642,219.10)	191%
Electricity and water	989,520.00	-	989,520.00	1,910,819.00	(921,299.00)	193%
Medical	-	-	-	-	-	#DIV/0!
Activity Expenses	1,065,000.00	-	1,065,000.00	651,600.00	413,400.00	61%
SMASSE	-	-	-	-	-	0%
Insurance Cost	128,950.00	-	128,950.00	161,072.00	-	0%
Bank Charges	-	-	-	-	-	0%
Acquisition of assets	4,760,500.00	-	4,760,500.00	9,769,888.00	(5,009,388.00)	205%
TOTAL	15,683,830.00	-	15,683,830.00	19,771,209.10	(4,087,379.10)	126%
BOARDING AND SCHOOL FUND PAYMENTS						
Activity	-	-	-	-	-	0%
Posho mill	-	-	-	-	-	0%
Bus hire	-	-	-	-	-	0%
Pocket Money	-	-	-	-	-	0%

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	-	-	-	-	-	0%
caution Money	-	-	-	-	-	
Personnel emoluments	-	-	-	-	-	
Service Gratuity	-	-	-	-	-	
Repairs and maintenance & Improvements	-	-	-	-	-	
Local transport / travelling	-	-	-	-	-	
Electricity and water	-	-	-	-	-	0%
Medical Expenses	-	-	-	-	-	
Administration costs	-	-	-	-	-	
Lunch Programme	23,500,600.00	-	23,500,600.00	16,739,524.30	6,761,075.70	0%
Bank Charges	-	-	-	-	-	0%
Expenses on Income Generating Activities	2,061,088.00	-	2,061,088.00	2,506,012.00	(444,924.00)	0%
Fee on Boarding Equipment and Stores	-	-	-	-	-	0%
Rent Expenses	-	-	-	-	-	0%
Insurance Cost (Life Property)	-	-	-	-	-	0%
Loan Principal repayment	-	-	-	-	-	0%
Loan Interest repayment	-	-	-	-	-	0%
Acquisition of Assets	-	-	-	-	-	
TOTAL	25,561,688.00	-	25,561,688.00	19,245,536.30	6,316,151.70	75%
TOTAL	44,511,713.00	-	44,511,713.00	42,590,930.15	1,920,782.85	96%

SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022

NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2021 - 2022	2021 - 2022
	KShs	KShs
Textbooks and reference materials	-	84,124.50
Exercise books	1,265,136.00	856,050.00
Laboratory equipment	722,935.00	610,515.00
Internal exams	469,908.00	160,135.00
Teaching / learning materials	1,084,400.80	289,050.00
Chalks	36,147.00	-
Exams and assessment	-	-
Teachers guides	36,147.00	-
Total	3,614,673.80	1,999,874.50

2 CAPITATION GRANT FOR OPERATIONS

	2021 - 2022	2021 - 2022
	KShs	KShs
Personnel emoluments	2,867,891.00	4,528,500.00
Repairs and maintenance	5,986,500.00	3,111,500.00
Local transport / travelling	1,433,945.10	1,059,890.00
Electricity and water	1,338,349.10	1,735,008.00
Medical	226,600.00	269,633.15
Administration costs	3,270,851.00	2,536,090.00
Activity	651,600.00	-
Total	15,775,736.20	13,240,621.15

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021 - 2022	2021 - 2022
	KShs	KShs
Fee on Boarding Equipment and Stores	19,402,673.00	-
Repairs and maintenance	-	-
Local transport / travelling	-	-
Electricity and water	-	-
Medical	-	-
Administration costs	-	-
Activity	-	-
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2021 - 2022 KShs	2020 - 2021 KShs
Fee on Boarding Equipment and Stores		6,022,471.00
Rent income	-	-
Income from farming activities	1,037,601.00	245,865.00
Insurance compensation	-	-
Income from Posho mill	-	-
Income from Bus Hire	1,022,200.00	59,000.00
Fee for hire of ground and equipment	-	-
Income from grants and donations*	-	-
Farm Account	-	-
Bus Account	-	-
Total	2,059,801.00	6,327,336.00

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

5 PAYMENTS FOR TUITION

	2021 - 2022 KShs	2020 - 2021 KShs
Textbooks and reference materials	-	57,000.00
Exercise books	1,370,758.00	850,000.00
Laboratory equipment	853,185.75	322,025.25
Internal exams	599,290.00	294,655.00
Teaching / learning materials	715,651.00	383,997.00
Chalks	-	-
Exams and assessment	-	-
Teachers guides	35,300.00	-
Administration Costs	-	-
Bank Charges	-	-
Total	3,574,184.75	1,907,677.25



NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2021 - 2022	2020 - 2021
	KShs	KShs
Personnel emoluments	2,662,260.00	2,023,027.55
Service Gratuity	-	-
Administration Cost	3,270,851.00	1,371,572.00
Repairs and maintenance & improvements	-	-
Local transport / travelling	1,344,719.10	1,058,101.00
Electricity and water	1,910,819.00	1,384,944.00
Medical	-	311,968.80
Activity Expenses	651,600.00	-
SMASSE	-	-
Insurance Cost	161,072.00	-
Bank Charges	-	-
Acquisition of Assets	9,769,888.00	912,446.34
TOTAL	19,771,209.10	7,062,059.69

7 BOARDING AND SCHOOL FUND PAYMENTS

	2021 - 2022	2020 - 2021
	KShs	KShs
Personnel emoluments	-	-
Service Gratuity	-	-
Repairs and maintenance & Improvements	-	-
Local transport / travelling	-	-
Electricity and water	-	-
Medical Expenses	-	-
Administration costs	-	-
Lunch Programme	16,739,524.30	4,568,421.10
Bank Charges	-	-
Expenses on Income Generating Activities	2,506,012.00	144,045.40
Fee on Boarding Equipment and Stores	-	-
Rent Expenses	-	-
Insurance Cost (Life Property)	-	-
Loan Principal repayment	-	-
Loan Interest repayment	-	-
Acquisition of Assets	-	-
TOTAL	19,245,536.30	4,712,466.50

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2021 - 2022 Kshs	2021 - 2022 Kshs
Tuition Account		51,761.30	111,867.00
Operations Account		17,107.30	1,244,335.20
School Fund Account/Boarding		338,746.66	840,110.66
Savings Account		36,448.00	39,973.00
Parent Association Development Account		-	-
Income generating activities Account		-	-
Infrastructural Account		22,859.00	396,519.00
Total		466,922.26	2,632,804.86

9 CASH IN HAND

Description	2021 - 2022 Kshs	2021 - 2022 Kshs
Tuition Account	-	-
Operation Account	337,791.00	57,076.00
School Fund account	355,262.70	185,537.00
Total	693,053.70	242,613.00

10 SHORT TERM INVESTMENTS

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2021 - 2022 Kshs	2020 - 2021 Kshs
Fees arrears	6,086,671.00	3,241,240.00
Other non-fees receivables	-	-
Salary advances	28,000.00	-
Imprest	3,000.00	4,500.00
Total	6,117,671.00	3,245,740.00

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

Description	2021 - 2022 Kshs	2020 - 2021 Kshs
Fees arrears for current year	3,829,411.00	1,883,440.00
Fees arrears for the previous year	55,600.00	227,500.00
Fees arrears for prior periods (over two years)	2,201,660.00	1,130,300.00
Total	6,086,671.00	3,241,240.00

12 ACCOUNTS PAYABLE

Description	2021 - 2022 Kshs	2020 - 2021 Kshs
Trade creditors (See ageing below and appendix 1)	4,648,745.75	1,861,279.50
Prepaid fees	425,056.00	317,987.00
Retention monies	-	-
Total	5,073,801.75	2,179,266.50

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

Description	2021 - 2022 Kshs	2020 - 2021 Kshs
Trade creditors for current year	4,648,745.75	1,618,110.50
Trade creditors for the previous year	-	243,169.00
Trade creditors for prior periods (over two years)	-	-
Total	4,648,745.75	1,861,279.50



NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2021 - 2022 Kshs	2020 - 2021 Kshs
Bank balances	2,632,804.86	272,667.81
Cash balances	242,613.00	44,398.70
Short Term Investments	-	
Receivables	3,245,740.00	4,976,635.80
Payables	(2,179,266.50)	9,237,439.16
Total	3,941,891.36	(3,943,736.85)

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Other important disclosure notes

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

14 Non-current Liabilities Summary

Description	2021 - 2022 Kshs	2020 - 2021 Kshs
Bank loan(s)	-	-
Outstanding Leases	-	-
Hire purchase	-	-
Gratuity and leave provision	-	-
Total	-	-

15 Biological assets

Description	Numbers	2021 - 2022 Kshs	2020 - 2021 Kshs
Cattle	10		
Goats	-		
Trees	270		
Coffee or tea plantation	-		
Poultry	-		
Total			

16 Borrowings

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



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Other important disclosure notes

17 Stock/ Inventory

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



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18 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)	Comments (If not resolved, when you expect the issue to be resolved)



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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Contract Date	Amount Paid	Unsettled Balance	Unsettled Balance
	a	b	c	d	e
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of buildings					
1. classrooms					
Sub-Total					
Supply of goods					
1. Sankins enterprises	1,860,310.00	21/2/2022	1,327,790	532,520.00	532,520.00
2. Muspa investments	324,000.00	23/2/2022	0	324,000.00	324,000.00
3. Mache hardware	4579,540.00	2/3/2022	2,847,200	1,732,340.00	1,732,340.00
4. Ereto bookshop	54,695.00	31/5/2022	0	54,695.00	54,695.00
5. Kings and queens	779,150.00	9/2/2022	578,950.00	200,200.00	200,200.00
6. Streamline concept	122,100.00	12/5/2022	0	122,100.00	122,100.00
7. Remo stationers and printers	1279,367.75	10/1/2022	790,710.00	488,657.75	488,657.75
8. Patmat Bookshop	52,268.00	16/2/2022	0	52,268.00	52,268.00
9. Grace wairimu mwangi	119850.00	15/6/2022	0	119,850.00	119,850.00
10. Faneli traders	54,840.00	10/6/2022	0	54,840.00	54,840.00
11. Magjom Poshomill	26,555.00	13/6/2022		26,555.00	26,555.00
12. Roadside butchery	76,000.00	1/6/2022	0	76,000.00	76,000.00
13. Lanet welfare	9,900	30/6/2022	0	9,900.00	9,900.00
14. Unigen clean water				14,000.00	14,000.00
15. Narosher enterprises	34,540.00	June 2022	0	34,540.00	34,540.00
16. Poor Servants Divine providence.	14390.00	24/6/2022	0	14,390.00	14,390.00
17. Sosfurnis enterprises	336,000.00	30/5/2022	176,000.00	160,000.00	160,000.00
18. John Obuya	35,000.00	19/5/2022	7,000.00	28,000.00	28,000.00
19. Joseph Ayodi	115,740.00	19/5/2022	70,000.00	45,740.00	45,740.00
20. Wakamwara hardware	106640.00	26/2/2022	0	106,640.00	106,640.00
21. Memo terrazzo				44,730.00	44,730.00
Sub-Total					
Supply of services					
22. George motors garage	18,800.00	12/5/2022	0	18,800.00	18,800.00
23. Baraka Daima	295,570.00	28/5/2022	0	295,570.00	295,570.00
24. Majestic fire engineers	92,410.00	12/6/22	0	92,410.00	92,410.00
Sub-Total	406,780.00		0	406,780.00	406,780.00
Grand Total	10,446,395.75		5,797,650.00	4,648,745.75	4,648,745.75



ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset Class	Date purchased	Location	Quantity	Unit	Value	Cost
Land 1	13 acres					
Land 2						
Buildings and structures	6					
Motor vehicles	1					
Office equipment, furniture and fittings	60					
ICT Equipment, and Other ICT Assets	36					
Tools and apparatus						
Textbooks						
Other Machinery and Equipment	1					
Heritage and cultural assets	-					
Intangible assets- soft ware	3					
Total						

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

