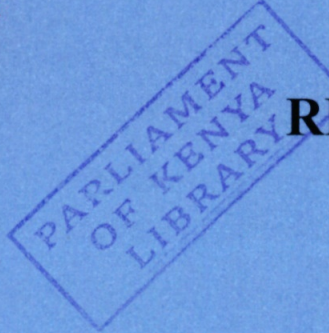


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CLERK-AT-THE-TABLE: FINLAY

THE AUDITOR-GENERAL

ON

HOBUNAKA BOYS SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2022**

VIHIGA COUNTY

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30054 - 00100, NAIROBI
REGISTRY

08 JUL 2024

RECEIVED



HOBUNAKA BOYS SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30th June 2022

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

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

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HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

I. Key School Information and Management

(a) Background information

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

The school was registered in 1974 under registration number 88S00300151 and is currently categorized as an Extra County public school established, owned or operated by the Government.

The school is a day/boarding school and had 1,065 number of students as at 30th June 2022. It has 24 streams and 36 teachers of which 12 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	Mr. Anthony Kenyakisa	Chairman	26/09/2018
2	Mr. William S. Sunguti	Secretary - Principal	26/09/2018
3	Mr. Obed Oketch Olenja	Member	26/09/2018
4	Mrs. Alice Adisa Kweno	Member	26/09/2018
5	Mr. Fred Oluhano	Member	26/09/2018
6	Mr. Thomas Aggrey Ingolo	Member	26/09/2018
7	Mr. Arthur Oliang'a	Member	26/09/2018
8	Mr. Laban Akula	Member – Rep CEB	26/09/2018
9	Mrs. Phelisters Awinja	Member Rep Teachers	26/09/2018
10	i. Mr. Anthony Kenyakisa ii. Mr. Julius Kamonde iii. Mrs. Mary Clyde	3 Members - Sponsor	26/09/2018
11	Mrs. Flora Shisia	Member - Community	26/09/2018
12	Mrs. Elizabeth Opinyi	Member Special Needs	26/09/2018
13	Mr. Godfrey	Rep Students	26/09/2019

HOBUNAKA BOYS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

Key School Information and Management

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	i. Mr. Anthony Kenyakisa ii. Mrs. Alice Kweno iii. Mr. Fred Oluhano iv. Mr. Obed Olenja v. Samwel Kulali vi. Mr. William Sunguti	Chair Member Member Member Member Member	4 out of 4 2 out of 4 4 out of 4 4 out of 4 1 out of 4 4 out of 4
2	Audit Committee	i. Mr. Fred Oluhano ii. Mrs. Alice Kweno iii. Mr. Anthony Kenyakisa iv. Mr. Laban Akula v. Mr. Obed olenja	Member Member Chair Member Member	1 out of 1 1 out of 1 1 out of 1 1 out of 1 1 out of 1
3	Finance, procurement and general purposes Committee	i. Mr. Fred Oluhano ii. Mr. William Sunguti iii. Mrs. Alice Kweno iv. Mr. Anthony Kenyakisa v. Mr. Laban Akula vi. Mr. Obed Olenja	Member Member Member Chair Member Member	3 out of 3 3 out of 3 1 out of 3 3 out of 3 3 out of 3 3 out of 3
4	Academic Committee	i. Mrs. Truphena Okwemba ii. Mrs. Elizabeth Opinyi iii. Mr. Obed Olenja iv. Mr. Anthony Kenyakisa v. Mr. Laban Akula	Member Member Member Member Member	3 out of 3 3 out of 3 3 out of 3 3 out of 3 3 out of 3

HOBUNAKA BOYS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
		vi. Mr. Tom Ingolo	Chair	3 out of 3
5	Development Committee	i. Mr. Laban Akula ii. Mr. Anthony Kenyakisa iii Mr. Obed Olenja iv. Mrs. Florah Shisia v. Mr. Fred Oluhano vi. Mrs. Alice Kwen vii. Mr. Samwel Kulali viii. CDE/SCDE or Representative ix. One other BOM	Chair Member Member Member Member Member Member Member Member	4 out of 4 4 out of 4 4 out of 4 4 out of 4 4 out of 4 2 out of 4 1 out of 4 4 out of 4 4 out of 4
6	Discipline and welfare Committee	i. Mr. Julius Kamonde ii. Mr. Fred Oluhano iii. Obed Olenja iv. Laban Akula v. Mr. Anthony Kenyakisa vi. Samwel Kulali	Member Member Chair Member Member Member	3 out of 3 3 out of 3 3 out of 3 3 out of 3 3 out of 3 3 out of 3

(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	Mr. William S. Sunguti	291653
2	Deputy Principal	Mr. Samuel Kulali	442750
3	School Bursar	Ms. Iscah Achieng	

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

Key School Information and Management

(e) Schools contacts

Post Office Box: 183, Emuhaya
Telephone: 0725451773
E-mail: hobunakaboysschool1@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

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

1. Name of Bank: KENYA COMMERCIAL BANK
Branch: LUANDA
Account Number: 1104118661
2. Name of Bank: KENYA COMMERCIAL BANK
Branch: LUANDA
Account Number: 1103840207
3. Name of Bank: KENYA COMMERCIAL BANK
Branch: LUANDA
Account Number: 11082577429
4. Name of Bank: KENYA COMMERCIAL BANK
Branch: LUANDA
Account Number: 1119383358
5. MPESA Pay Bill No. 522123, A/C No. 56679K attached to School Fund bank account

(g) Independent Auditors

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

HOBUNAKA BOYS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
		vi. Mr. Tom Ingolo	Chair	3 out of 3
5	Development Committee	i. Mr. Laban Akula ii. Mr. Anthony Kenyakisa iii. Mr. Obed Olenja iv. Mrs. Florah Shisia v. Mr. Fred Oluhano vi. Mrs. Alice Kweno vii. Mr. Samwel Kulali viii. CDE/SCDE or Representative ix. One other BOM	Chair Member Member Member Member Member Member Member Member	4 out of 4 4 out of 4 4 out of 4 4 out of 4 4 out of 4 2 out of 4 1 out of 4 4 out of 4 4 out of 4
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HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

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Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

II. 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:**

S/No.	Performance areas	2021/2022	June 2021	2020
1.	Surplus/Deficit	6,851,237	1,294,496	11,159,056
2.	Capitation grants	17,622,074	8,985,042	12,074,085
3.	Ration of capitation	16,547	8,887	12,711
4.	Growth of income	44,036,306	13,669,807	24,693,456
5.	Growth of expenditure	54,807,144	21,360,807	25,608,056
6.	Debtors	40,120,694	26,029,582	21,168,838
7.	Creditors	18,412,383	12,416,068	7,413,474
8.	Cash & Bank balances	(187,012)	1,056,548	40,193

b) **Teacher Student ratio:**

Teacher student ratio = 1:40

Number of teachers recruited and posted during the year = 2

Number of teachers transferred during the year = 1

Number of retired teachers during the year = 0

Number of teachers employed by TSC = 27

Number of teachers employed by BOM = 12

c) **Mean score in the 2018-2020KCSE:**

NO OF CANDIDATE	YEAR												MG	
		A	A	B	B	B	C	C	C	D	D	D		E
133	2018	A	A	B	B	B	C	C	C	D	D	D	E	MG
		-	+	-	+	-	+	-	+	-	+	-		
		0	0	0	1	4	7	7	1	29	5	19	0	3.88
								6		0				
145	2019	A	A	B	B	B	C	C	C	D	D	D	E	MG
		-	+	-	+	-	+	-	+	-	+	-		
		0	0	0	4	5	6	1	2	31	4	16	0	4.021
								2	6		5			8

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

214	2020	A	A	B	B	B	C	C	C	D	D	D	E	MG
		-	+		-	+		-	+		-			
		1	0	0	2	4	23	2	4	57	3	16	0	4.605
								6	5		9			6

d) Number of Candidates in the 2018-2020 KCSE:

No of Candidate	Year													
133	2018	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG
		0	0	0	1	4	7	7	16	29	50	19	0	3.88
145	2019	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG
		0	0	0	4	5	6	12	26	31	45	16	0	4.0218
214	2020	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG
		1	0	0	2	4	23	26	45	57	39	16	0	4.6056

e) Capacity of the school:

No. of students = 1,065
 No. of dormitories = 3
 No. of dining halls = 1
 No. of laboratories = 2
 No. of toilets = 32

f) Development projects carried out by the school:

<u>Development Project</u>	<u>Project Fund</u>
14 Door Exhaustible toilet	1,163,937
Reroofing of 12 classrooms	3,159,150
15 Door Exhaustible Toilet Disability Compliant	1,795,842
<u>Ongoing Project</u>	
1 Classroom	1,506,376

School Principal

[Signature]
SENIOR PRINCIPAL
HOBUNAKA BOYS' SCHOOL
 05 JUL 2024
 Sign:.....
 P. O. BOX 183 - 50314, EMUHAYA

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

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

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2021, and of the school's financial position as at that date.

Name: Mr. Ainea Okwemba
Designation: Chairman, School Board of Management

Sign: 

Date:

Name: Mr. Fredrick Mushira
Designation: School Principal & Secretary to Board of Management

Sign: 

Date:

SENIOR PRINCIPAL
HOBUNAKA BOYS' SCHOOL

05 JUL 2024

Sign:.....
P. O. BOX 1&3 - 50314, EMUHAYA

Name: Ms. Iscah Achieng
Designation: Bursar/ Finance Officer

Sign: 

Date:

5/7/24

REPUBLIC OF KENYA



Enhancing Accountability

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 HOBUNAKA BOYS HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – VIHIGA 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 funds are applied for the 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Hobunaka Boys High School - Vihiga County set out on pages 10 to 22, which comprise of the statement of assets and liabilities as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows and the statement of budgeted versus actual amounts for the year then ended,

Report of the Auditor-General on Hobunaka Boys High School for the year ended 30 June, 2022 – Vihiga County

and a summary of significant accounting policies and other explanatory information in accordance with 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 the Hobunaka Boys High School – Vihiga County 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. Inaccuracy in the Financial Statements

Review of the financial statements revealed that there were unexplained variances between balances on statement of receipts and payments and balances on statement of cash flows as shown in the table below:

Description	Amount in Statement of Receipts & Payment (Kshs)	Amount in Statement of Cash flows (Kshs)	Variance (Kshs)
Receipts			
School fund income-parents contributions	43,827,306	29,779,870	14,047,436
Payments for Tuition	6,193,731	4,482,051	1,711,680
Payments for Operations	11,679,984	7,388,393	4,291,591
Boarding and School Fund Payments	32,130,279	32,180,911	(50,632)

Further, the statement of cash flows reflects acquisition of assets balance of Kshs.4,803,150. However, Annex 2 to the financial statements on summary of fixed assets indicates that there were no additional assets during the year.

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

2. Unsupported School Fund Income- Parents Contributions

The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.43,827,306 in respect of school fund income-parents' contributions. However, this amount was not supported by detailed lists or schedules indicating the names of student and amount paid.

In the circumstances, the accuracy and completeness of School fund income - parents' contributions fees could not be confirmed.

3. Unsupported Payments

The statement of receipts and payments reflects balance of Kshs.54,807,144 in respect of tuition, operations, infrastructure, and boarding and school fund payments. However, the payments were not supported by detailed lists or schedules indicating payees, date of payment, purpose of payment and amount paid.

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

4. Inaccuracies in the Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects a cash and cash equivalents negative balance of Kshs.187,012 as disclosed in Note 9 and 10 to the financial statements. Review of the cash and cash equivalents revealed that the School did not provide cash book, bank statements, bank reconciliations statements and bank confirmation certificates for the investment account. Further, the account number for the investment account was not disclosed in Note 9A to the financial statements.

Included in the credit bank balance of Kshs.187,012 is an overdrawn school fund bank account with a debit balance of Kshs.256,014 which was offset from positive balances in other bank accounts. This was contrary to Paragraph 1.3.20 of the International Public Sector Accounting Standards on requirements for reporting of cash receipts, payments and balances on a gross basis which provides that assets and liabilities, receipts and payments shall not be offset unless required or permitted by the Accounting Standards. Further, approval for the overdraft was not provided for audit review. The School reflected an amount of Kshs.26,591 as cash in hand. However, the amount was not supported by a Board of Cash Survey Report.

In the circumstances, the accuracy of the cash and cash equivalents could not be confirmed.

5. Unsupported and Long Outstanding Accounts Payables

The statement of financial assets and financial liabilities and as disclosed in Note 12 to the financial statements reflects accounts payables balance of Kshs.18,412,383 in respect of trade creditors and workers welfare. Included in this balances is amount of Kshs.18,014,419 that was not supported by creditors ledger, invoices, delivery notes, local purchase orders (LPO) issues and receipts vouchers. Further, payables balance of Kshs.10,477,604 or 58% of the total accounts payables was outstanding for a period of over one (1) year.

In the circumstances, the accuracy and completeness of the accounts payables could not be confirmed.

6. Long Outstanding Accounts Receivables

The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflects accounts receivables balance of Kshs.40,120,694. The receivable balance in respect of the fees arrears amounting to Kshs.24,284,093 or 61% of the accounts receivables was outstanding for a period of over one (1) year. The recoverability of the accounts receivables is doubtful.

In the circumstances, the fair value of accounts receivables balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Hobunaka Boys High 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 audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on comparable basis of Kshs.37,131,141 and Kshs.61,658,380 respectively, resulting to over-funding of Kshs.24,527,239 or 40% of the budget. However, the School spent amount of Kshs.54,807,143 against actual receipts of Kshs.61,658,380 resulting to an under-utilization of Kshs.6,851,237 or 11% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2022.

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 effect of 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. Late Submission of Financial Statements

During the year under review, the School Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2022. The financial statements were submitted on 31 May, 2024 which was twenty (20) months after the statutory deadline. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. Late submission of financial statements adversely affects the Office of the Auditor-General in meeting the statutory timelines.

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

2. Non-Compliance with the Public Sector Accounting Standards Board

Review of the financial statements revealed that Annex 1 to the financial statements on analysis of pending accounts payables did not show contract date and outstanding balance on the comparative column as provided by the Public Sector Accounting Standards Board (PSASB) reporting template.

Further, Annex 2 to the financial statements on summary of fixed assets register was not populated with assets balances, date assets purchase, location, historical cost brought forward, additions during the year, disposals during the year and historical cost carried forward.

In the circumstances, Management did not comply with the PSASB reporting template requirements.

3. Failure to Transfer Infrastructure Funds from the Operations Bank Account

The statement of receipts and payments reflects government grants for operations balance of Kshs.14,388,344. Included in the amount is Kshs.5,012,000 relating to infrastructure grants. This amount was supposed to be transferred to infrastructure account within fifteen (15) working days but only an amount of Kshs.3,700,000 was transferred leaving a balance of Kshs.1,312,000. This is contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directs that infrastructure grants as well as maintenance and improvement funds be transferred to the school infrastructure account fifteen days upon receipt of the funds in the operations account.

In the circumstances, Management was in breach of Ministerial set guidelines.

4. Transfer of Funds to Kenya Secondary Schools Heads Association

During the year under, the School transferred an amount of Kshs.100,000 to Kenya Secondary Schools Heads Association (KESSHA) to support the association activities. 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 the Schools.

In the circumstances, the value for money of the funds transferred to KESSHA could not be confirmed.

5. Cash Purchases of Goods, Works and Services

During the year under review, the School procured on cash-basis goods totalling to Kshs.20,114,500. The cash purchases exceeded the threshold provided in the matrix in the second schedule on low value procurement of the Public Procurement of Assets and Disposal Regulations, 2020. This was contrary to Regulation 92 of the Public Procurement of Assets and Disposal Regulations, 2020 which provides that a procuring entity may use low value procurement method where the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule which provides that the maximum level of expenditure under the low value procurement method is Kshs.50,000, Kshs.100,000 and Kshs.50,000 per item per financial year for goods, works and services respectively.

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

6. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015

Review of payment vouchers and supporting documentation revealed that there was no evidence provided that goods were inspected and accepted after delivery to confirm goods requested is what was delivered. This is contrary to Section 48 (1) and (3) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer of a procuring entity to establish an *ad hoc* committee known as the Inspection and Acceptance Committee and the Committee shall immediately after the delivery of the goods, works or services inspect and where necessary, test the goods received.

Further, goods received and issued were not supported by counter requisition and issue voucher. This is contrary to provisions of Regulation 168 of the Public Procurement and Asset Disposal Regulations, 2020 which states that an Accounting Officer of a procuring entity shall ensure proper management and distribution of inventory, stores and assets by ensuring that they are received and taken on charge.

In addition, Management did not prepare a procurement plan for the financial year. This was contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires that an Accounting Officer shall prepare an Annual Procurement Plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

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

7. Failure to Prepare School Improvement Plan

During the year under review, Management did not prepare a School Improvement Plan to be used to measure the School's improvement activities, keep the School in focus in achieving the school target, prioritization of School needs, ensuring prudent utilization of resources and to improve accountability. This was contrary to Section 2.2.1 of the Operational Manual for Utilization of Learner Capitation, Grant and Other School funds which requires a school to develop improvement plan which is a road map for changes that a school needs to improve the school environment and learning outcomes.

In the circumstances, Management was in breach of the provisions of the Operational Manual.

8. Inadequate Management of Inventory

Review of the School's inventory revealed that there were books and stationery, food stuff and repairable furniture stocks. However, inventory management records such as receipts vouchers (S13), receipts counter issue vouchers (S11) and stores ledger cards (S9) were not maintained. This was contrary to Regulation 166(4) of the Public Procurement and Asset Disposal Regulations, 2020 which states that for effective, economic, efficient and transparent use of government inventory, stores and assets at all levels, an Accounting Officer of a procuring entity shall take full responsibility of the management or control of inventory and assets.

Further, no evidence was provided for audit to indicate that stock taking exercise was conducted at the end the financial year and no stock/inventory disclosure was made in the annual report and financial statements as required by the financial reporting template. In the circumstances, Management was in breach of the law.

9. Failure to Reconcile Student Enrolment Data

Review of student's records provided for audit revealed unexplained variance in student numbers between the National Education Management Information System and School registers resulting to tuition fees under disbursement on both capitation grants for tuition and operation fees of Kshs.2,234,239 as analyzed below:

Month	No. of Students per NEMIS	No of Students as per Register	Capitation Grant per Student (Kshs)	Total Expected Capitation per School Register	Actual Capitation Received (Kshs)	Capitation not Received (Kshs)
7 July 2021	904	1,065	355	378,075	320,920	57,155
3 Aug. 2021	693	1,065	730	777,450	505,890	271,560
8 Oct. 2021	996	1,065	700	745,500	697,200	48,300
6 Jan. 2022	303	1,065	730	777,450	221,190	556,260
6 Jan. 2022	904	1,065	6	6,597	5,600	997
6 Jan. 2022	1,008	1,065	478	509,070	481,824	27,246
20 April 2022	1,010	1,065	1,051	1,118,889	1,061,106	57,783
7 July 2021	904	1,065	1,398	1,488,870	1,263,792	225,078
3 Aug. 2021	996	1,065	3,131	3,334,541	3,118,500	216,041
8 Oct. 2021	996	1,065	3,554	3,784,690	3,539,485	245,205
6 Jan. 2022	904	1,065	1,508	1,606,336	1,363,500	242,836
6 Aug. 2022	904	1,065	31	33,493	28,430	5,063
6 Jan. 2022	1,008	1,065	2,074	2,208,490	2,090,289	118,201
20 April 2022	1,010	1,065	2,955	3,146,862	2,984,348	162,514
Total				19,916,313	17,682,074	2,234,239

Management explained that the difference was due to non-registration of students in the National Education Management Information System register due to lack of birth certificates. This was contrary to the Ministry of Education Circular No.MOE.HQ/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners to be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, Management was in breach of the circular and the underfunding of the School may have affected service delivery to the students.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Imprest Register

During the year under review, the School issued imprests for different purposes to staff. However, it was noted that Management did not prepare and maintain an imprest register and imprests were not issued through imprest warrants. It was therefore not possible to confirm whether the imprests issued during the year were accounted for and if the regulations regarding management of imprest were adhered to.

In the circumstances, the existence of effective internal controls on imprest management could not be confirmed.

2. Lack of Updated Fixed Assets Register

Management maintained a fixed asset register that did not contain all information required including identification or serial number, acquisition date, description of asset, location, class, cost of acquisition and assets tag identification codes.

In the circumstances, the effectiveness of the internal control on management of fixed assets 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 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 September, 2024

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

V. Statement of Receipts and Payments Period To 30th June 2022

Description of Vote Head	Note	2021-2022	Jan- June 2020
		Kshs	Kshs
Receipts			
Capitation grants for tuition	1	3,233,730	867,610
Capitation grants for operations & Infrastructure	2	14,388,344	7,801,313
School Fund Income- Parents' Contributions	3	43,827,306	13,839,086
School Fund Income- Other receipts	4	209,000	146,840
Proceeds from borrowings			
Total Receipts		61,658,380	22,654,849
Payments			
Payments for Tuition	5	6,193,731	2,354,850
Payments for operations Infrastructure	6	11,679,984	5,838,856
Boarding and school fund payments	7	4,803,150	2,150,972
	8	32,130,279	11,015,675
Total Payments		54,807,144	21,360,353
Surplus/Deficit		6,851,236	1,294,496

The school financial statements were approved on 5/7/2024 2024 and signed by:



Name: Ainea Okwemba

Chair BOM

Date:



Name: Fredrick Mushira
 School Principal/ Secretary to BOM

Date:



Name: Iscah Achieng
 Bursar/ Finance Officer

Date: 5/7/24


SENIOR PRINCIPAL
HOBUNAKA BOYS' SCHOOL
 05 JUL 2024
 Sign:.....
 P. O. BOX 183 - 50314, EMUHAYA

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

VI. Statement of Financial Assets and Financial Liabilities as at 30th June 2022

	Note	2021-2022 Kshs	Jan - June 2020 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9	(213,603)	1,057,171
Cash Balances	10	26,591	(623)
Total Cash and cash equivalent		(187,012)	1,056,548
Account's receivables	11	40,120,694	26,029,582
TOTAL FINANCIAL ASSETS		39,933,682	27,086,130
FINANCIAL LIABILITIES			
Accounts Payables	12	18,412,383	12,416,068
NET FINANCIAL ASSETS		21,521,299	14,670,062
REPRESENTED BY			
Accumulated Fund b/fwd	13	14,670,062	13,375,566
Surplus/Deficit for the year		6,851,237	1,294,496
NET FINANCIAL POSSITION		21,521,299	14,670,062

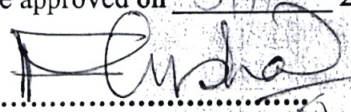
The school financial statements were approved on 5/7/24 2024 and signed by:



Name: Ainea Okwemba

Chair BOM

Date:



Name: Fredrick Mushira
 School Principal/ Secretary to
 BOM

Date:



Name: Iscah Achieng

Bursar/ Finance Officer

Date: 5/7/24

SENIOR PRINCIPAL
HOBUNAKA BOYS' SCHOOL


 05 JUL 2024
 Sign:.....
 P. BOX 183 - 50314, EMUHAYA

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

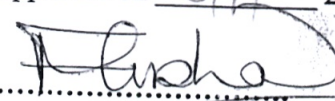
VII. Statement of Cash Flows for the Period Ended 30th June 2022

	2021-2022	2020-2021
	Kshs	Kshs
Receipts for operating income		
Capitation grants for tuition	3,233,730	1,183,729
Capitation grants for operations	14,388,344	7,901,313
School fund income- Parents contributions/ fees	29,779,870	9,148,599
School fund income- other receipts	209,000	146,840
Total receipts	47,610,944	18,380,481
Payments		
Payments for Tuition	4,482,051	814,350
Payments for operations	7,388,393	5,838,856
Boarding and school fund payments	32,180,911	8,645,903
Total payments	44,051,355	15,299,109
Net cash flow from operating activities	3,559,590	3,081,372
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of Assets	4,803,150	2,150,972
Net cash flows from Investing Activities	(4,803,150)	(2,150,972)
CASHFLOW FROM BORROWING ACTIVITIES		
Proceeds from borrowings/ loans		
Net cash flow from financing activities		
Net Increase in Cash And Cash Equivalents	(1,243,560)	930,400
Cash and cash equivalent at BEGINNING of the year	1,056,548	126,148
Cash and cash equivalent at end of the year	(187,012)	1,056,548

The school financial statements were approved on 5/7/2024 2024 and signed by:




Name: Ainea Okwemba
 Chair BOM



Name: Fredrick Mushira
 School Principal/ Secretary to BOM

Date:



Name: Iscah Achieng
 Bursar/ Finance Officer

Date: 5/7/24

SENIOR PRINCIPAL
HOBUNAKA BOYS' SCHOOL
 05 JUL 2024
 Sign:.....
 P. O. BOX 183 - 50314, EMUHAYA

JOHUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

VIII. Statement of Budgeted Versus Actual Amounts for the Year Ended 30th June 2022

Receipt/expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Exercise books	990,000	0	990,000	240,000	750,000	24%
Laboratory equipment	765,000	0	765,000	155,000	610,000	20%
Teaching / learning materials	716,400	0	716,400	2,605,840	(1,889,440)	364%
Internal exams	981,000	0	981,000	150,000	831,000	15%
Exams and assessment	277,200	0	277,200	82,890	194,310	30%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	5,179,500	0	5,179,500	2,002,000	3,177,500	39%
Repairs and maintenance	4,500,000	0	4,500,000	5,012,000	(512,000)	111%
Other voteheads	0	0	0	6,044,344	(5,804,344)	0%
Electricity and water	729,000	0	729,000	530,000	199,000	73%
Medical	1,800,000	0	1,800,000	-	1,800,000	0%
Administration costs	1,606,500	0	1,606,500	800,000	806,500	50%
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	1,389,500	0	1,389,500	1,836,130	(446,630)	132%
Repairs and maintenance	700,000	0	700,000	871,600	(171,600)	125%
Local transport / travelling	315,000	0	315,000	421,510	(106,510)	134%
Electricity and water	1,120,000	0	1,120,000	1,539,700	(419,700)	137%

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Administration costs	1,260,000	0	1,260,000	1,829,390	(569,390)	145%
Activity	175,000	0	175,000	248,600	(73,600)	142%
Fee on Boarding Equipment and Stores	14,627,041	0	14,627,041	37,080,376	(22,453,335)	254%
Other Income		0				
Income from Bus Hire	0	0	0	148,000	(148,000)	0%
Tender	0	0	0	22,000	(22,000)	0%
Other Income	0	0	0	39,000	(39,000)	0%
Total Income	37,131,141		37,131,141	61,658,380	(24,527,239)	166%
(1) Expenditure for Tuition						
Textbooks						
Exercise books	810,000	0	810,000	450,000	360,000	56%
Laboratory equipment	600,000	0	600,000	383,995	216,005	64%
Internal exams	521,000	0	521,000	196,075	324,925	38%
Teaching / learning materials	0	0	0	4,665,081	-4,665,081	0%
Reference books	292,600	0	292,600	491,000	-198,400	168%
Bank Charges	0	0	0	7,580	-7,580	0%
(2) Payments for Operations & Infrastructure Account						
Personnel emoluments	1,330,000	0	1,330,000	2,923,984	3,406,016	220%
Repairs, maintenance & improvements	1,505,000	0	1,505,000	2,652,182	(1,147,182)	176%
Local transport / travelling	1,260,000	0	1,260,000	1,947,454	(687,454)	155%
Electricity, water and conservancy	1,853,000	0	1,853,000	779,850	1,073,150	42%

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

Receipt/expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
Medical	145,000	0	145,000	0	145,000	0%
Administration costs	2,871,140	0	2,871,140	3,205,914	(334,774)	112%
Activity Expenses	1,527,000	0	1,527,000	96,200	1,430,800	6%
Gratuity	0	0	0	50,000	(50,000)	0%
Bank Charges	0	0	0	24,400	(24,400)	0%
Construction of classrooms	0	0	0	4,803,150	0	0%
(3) Payments for School Fund						
Personnel emoluments	7,305,571	0	7,305,571	6,761,834	543,737	93%
Repairs, maintenance and improvements	700,000	0	700,000	363,660	336,340	52%
Activity	0	0	0	209,000	(209,300)	0%
Local transport / travelling	315,000	0	315,000	252,690	62,310	80%
Electricity, water and conservancy	1,120,000	0	1,120,000	1,902,687	(782,687)	170%
Bus Hire Expenses		0		480,000	(480,000)	0%
Administration costs	1,260,000	0	1,260,000	4,327,866	(3,067,866)	343%
Boarding Equipment and Stores	13,647,830	0	13,647,830	17,723,080	(4,075,250)	130%
Insurance costs	68,000	0	68,000	68,000	(0)	100%
Bank Charges	0	0	0	41,462	(41,462)	0%
TOTALS	37,131,141	0	37,131,141	54,807,143	(17,676,002)	148%

IX. 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.

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.

Significant Accounting Policies (Continued)

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.

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

X. Notes To The Financial Statements

1 Capitation Grant for Tuition

	2021-2022	Jan-June 2021
	Kshs	Kshs
Library and reference materials	82,890	141,220
Exercise books	240,000	138,034
Laboratory equipment	155,000	269,816
Internal exams	150,000	149,840
Teaching and Learning Materials	2,605,840	168,700
Total	3,233,730	867,610

2 Capitation Grant for Operations and Infrastructure Account

	2021-2022	Jan-June 2021
	Kshs	Kshs
Personnel emoluments	2,002,000	659,520
Repairs and maintenance	5,012,000	1,832,000
Other Voteheads	5,804,344	4,689,157
Local transport / travelling	240,000	125,996
Electricity and water	530,000	201,520
Administration costs	800,000	293,120
Total	14,388,344	7,801,313

3 Parents Contribution/Fees - School Fund Account

	2021-2022	Jan-June 2021
	Kshs	Kshs
Personnel emoluments	1,836,130	494,270
Repairs and maintenance	871,600	343,000
Local transport / travelling	421,510	16,150
Electricity and water	1,539,700	626,350
Administration costs	1,829,390	276,390
Activity	248,600	2,850
Boarding Stores & Equipment	37,080,376	12,080,076
Total	43,827,306	13,839,036

HOBUNAKA BOYS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

4 Other Receipts – School Fund Account

	2021-2022	Jan-June 2021
	Kshs	Kshs
Rent income	-	5,000
Income from farming activities	-	15,540
Tender	22,000	-
Income from Bus Hire	148,000	86,300
Uniform	-	40,000
Hobunaka Girls	39,000	-
Total	209,000	146,840

5 Payments for Tuition

	2021-2022	Jan-June 2021
	Kshs	Kshs
Exercise books	450,000	214,000
Laboratory equipment	383,995	147,500
Teaching / learning materials	4,861,156	1,743,800
Reference books	491,000	30,000
Supplementary readers	-	84,200
Bank Charges	7,580	1,350
Total	6,193,731	2,354,850

6 Payments for Operations and Infrastructure Account

	2021-2022	Jan-June 2021
	Kshs	Kshs
Personnel emoluments	2,923,984	604,293
Service Gratuity	100,632	-
Administration Cost	3,205,914	491,850
Repairs and maintenance & improvements	2,305,350	2,506,157
Local transport / travelling	1,947,454	172,970
Electricity and water	779,850	674,190
Bus Maintenance	296,200	-
Capacity building	-	28,900
Activity Expenses	95,200	-
Bank Charges	24,400	8,272
29No. Exhaustible toilets	-	1,352,224
TOTAL	11,679,984	5,838,856

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Notes to The Financial Statements (Continued)

7 Infrastructure

	2021-2022	Jan-June 2021
	Kshs	Kshs
Repairs and maintenance & Improvements	4,803,150	2,150,972
TOTAL	4,803,150	2,150,972

8 Boarding and School Fund Payments

	2021-2022	Jan-June 2021
	Kshs	Kshs
Personnel emoluments	6,761,834	1,261,865
Repairs and maintenance & Improvements	363,660	1,022,370
Local transport / travelling	252,690	114,850
Electricity and water	1,902,687	322,830
Activity	499,300	-
Administration costs	4,062,397	762,018
Tender	11,000	-
Bank Charges	41,463	23,367
Refunds	14,000	5,000
Fee on Boarding Equipment and Stores	17,672,448	7,014,634
Bus hire expense	480,800	88,500
Farm	-	22,540
Uniform	-	252,200
Insurance Expenses	68,000	-
Capacity building	-	125,500
TOTAL	32,130,279	11,015,675

9 Bank Accounts

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	Jan-June 2021
		Kshs	Kshs
Tuition Account	1108257429	18,816	327,137
Operations Account	1103840207	9,777	225,780
School Fund Account/Boarding	1104118661	(256,014)	495,243
Investment account		3,439	3,439
Infrastructural Account	1119383358	10,380	5,473
Total		(213,603)	1,057,171

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Notes to the Financial Statements (Continued)

10 Cash in Hand

Description	2021-2022 Kshs	Jan-June 2021 Kshs
Tuition Account		-
Operation Account	1,700	(2,065)
School Fund account	24,481	1,442
Infrastructure account	410	
Total	26,591	(623)

11 Accounts Receivable

Description	2021-2022 Kshs	Jan-June 2021 Kshs
Fees arrears	40,120,694	25,543,206
Total	40,120,694	26,029,582

Ageing of the fees / non fees arrears below]

Description	2021-2022 Kshs	Jan-June 2021 Kshs
Fees arrears for current year	15,836,601	5,193,926
Fees arrears for the previous year	2,918,385	11,852,611
Fees arrears for prior periods (over two years)	21,365,708	8,983,045
Total	40,120,694	26,029,582

12 Accounts Payable

Description	2021-2022 Kshs	Jan-June 2021 Kshs
Trade creditors (See ageing below and appendix 1)	18,014,419	12,018,104
Workers welfare	397,964	397,964
Total	18,412,383	12,416,068

HOBUNAKA BOYS SECONDARY SCHOOL
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Notes to the Financial Statements (Continued)

Ageing of the creditor's arrears below

Description	2021-2022 Kshs	Jan-June 2021 Kshs
Trade creditors for current year	7,536,815	5,002,594
Trade creditors for the previous year	3,064,130	5,691,266
Trade creditors for prior periods (over two years)	7,413,474	1,722,208
Total	18,014,419	12,416,068

13 Fund Balance Brought Forward

Description	2021-2022 Kshs	Jan-June 2021 Kshs
Bank balances	1,057,171	125,935
Cash balances	(623)	213
Receivables	26,029,582	21,235,960
Payables	(12,416,068)	(7,986,542)
Total	14,670,062	13,375,565

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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 Biological assets

Description	Numbers	2021-2022	Jan-June 2021
		KShs	KShs
Cattle		-	3
Trees		301	300
Total		301	303

15 Stock/ Inventory

Description	2021-2022	Jan-June 2021
	KShs	KShs
a) Borrowings		
Stock/ inventory at beginning of the year	313,220	214,000
Stock/ inventory purchased during the year	7,975,800	4,351,260
Stock/ inventory issued during the year	7,738,220	4,525,610
Balance at end of the year	550,800	39,650

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16 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

This is the first audit being conducted, and as such, there are no previous years' recommendations to report or follow up on.

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2021	Comments
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1. 1 Classroom	1,506,376		1,506,376	NIL		
Sub-Total	1,505,376		1,506,376			
Supply of goods						
1. Oliver Ambuka	297,500		0	297,500		
2. Miloko General Supplies	429,200		0	429,200		
3. Mini Bakeries	104,125		0	104,125		
4. Samson Omenda	612,000			612,000		
5. Pamela Kavayi Mudenyio	55,600		13,400	42,200		
6. Elazabeth Machengo	34,000		0	34,000		
7. Rael Julia Okoko	297,550		152,600	144,950		
8. Rebecca Nyandihwa	141,000		0	141,000		
9. Jupiter General Ent.	192,450		0	192,450		
10. Zadock Ateko	274,000		100,000	174,000		
11. Joshua Ngong'a Oyamo	138,440		79,060	59,380		
12. Patrick Aseka Anyang'u	200,000		0	200,000		
13. Tom Amboko Omung'ala	766,500		0	766,500		
14. Silasteph Enterprises	68,000		0	68,000		
15. Okuamolo Enterprise	500,000		0	500,000		
16. Limo Enterprises	30,000		0	30,000		
17. Procan Contractors Ltd	225,000		0	225,000		
18. Tison General Supplies	97,500		0	97,500		
19. Malesi Enterprises	334,885		0	334,885		
20. Visharmart Enterprises	50,000		0	50,000		
21. Benard Omunga	8,000		0	8,000		
22. Eunice Auma	100,000		100,000	0		

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23. Frankline Odera	39,950		39,950	0	
24. Mowatech Eng.	117,600		0	117,600	
25. Stenderteck Engineering	200,000		0	200,000	
26. Joab Abulwa	217,200		0	217,200	
27. Dittomax Agencies	600,000		300,000	300,000	
28. Silvano Astariko	161,300		80,000	81,300	
29. Mbeash Glassmart	112,740		0	112,740	
30. Reliable Technical Services	12,000		0	12,000	
31. Jacob membo	27,500		0	27,500	
32. Kima Steel & Engineering	197,885		0	197,885	
33. Patmid Enterprises	779,980		160,760	619,220	
34. Dunlop Investments	79,450		79,450	0	
35. Esikhupi Welders	12,000		0	12,000	
36. Readers Quest	265,520		150,000	165,520	
37. Emusaya International	240,375		0	240,375	
38. Huduma Office Solutions	222,190		106,190	116,000	
39. Luanda Best Stationers	494,815		0	494,815	
40. Highmark Services	10,000		0	10,000	
41. Bacit Education	27,000		0	27,000	
42. The Copycat Ltd	161,680		0	161,680	
43. Third Gen Comms	278,000		0	278,000	
44. Merchants of Box 14	67,800		0	67,800	
45. Raphael Sellasie	28,000		0	28,000	
46. Home Health Education Service	24,200		0	24,200	
47. Jetlink Education Service	20,000		0	20,000	
Sub-Total	9,352,935		1,361,410	7,536,815	

HOBUNAKA BOYS SECONDARY SCHOOL

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			containing Principals names,BOM chairmen names,KCSE performers			Principals names, BOM chairmen names, KCSE performers
ICT Equipment, and Other ICT Assets			29 computers 1 projector	0 0		-29 Computers - 1 Projector
Tools and apparatus			- 10 Slashers - 1 Jembe - 2 Pangas - 6 Wheelbarrows		5 3	-5 Slashers -1 Jembe -2 Pangas -3 wheelbarrow
Textbooks			6,468	5,583		12,051
Other Machinery and Equipment			-Automatic Generator -Weighing Machine			-Automatic Generator -Weighing Machine
Heritage and cultural assets						
Intangible assets- soft ware			-Zeraki - JBS			-Zeraki - JBS
Total						