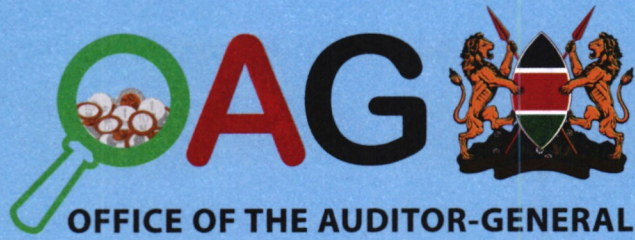


REPUBLIC OF KENYA



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**THE AUDITOR-GENERAL**

**ON**

**MBAKALO FRIENDS SECONDARY SCHOOL**

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

**BUNGOMA COUNTY**





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**MTAKALO FRIENDS BOYS HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> June 2022**

---

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

**MBAKALO FRIENDS BOYS HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022**

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**I. KEY SCHOOL INFORMATION AND MANAGEMENT**

*[Customise the details in this section to suit your School]*

**(a) Background information**

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

The school was registered in 01/1987 under registration number 39530000223 and is currently categorized as a county public school established, owned or operated by the Government.

The school is a day/boarding school and had 1138 number of students as at 30<sup>th</sup> June 2022. It has 5 streams and 44 teachers of which 17 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. Elikanah Malala	Chairman	
2	Mr. Alex Luyali	Secretary - Principal	
3	Mr. Benson Simiyu	Member	
4	Mrs Jerusa Aleu	Member	
5	Susan nanjala masinde	Member	
6	Moses nyongesa	Member	
7	Moses shikanga	Member	
8	Francis mutali	Member – Rep CEB	
9	Titus simiyu wamocho	Member Rep Teachers	
10	Elizabeth malaiche, simiyu maurice, benson simiyu	3 Members - Sponsor	
11	Violet simiyu	Member - Community	
12	Stephine kimutwe	Member Special Needs	
	Luke mukanda	Rep Students	

**MTAKALO FRIENDS BOYS HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL  
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For the year ended 30<sup>th</sup> June 2022**

2	Deputy Principal	Moses M Sitati	405507
3	Deputy Principal	Rayleigh Wanyama	473796
4	School Bursar	Joshua Wanambisi	186278

**MBAKALO FRIENDS BOYS HIGH SCHOOL  
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For the year ended 30<sup>th</sup> June 2022

**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

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**

Provide the names of the various committees of the Board established by the Board and the names of the committee members:

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee			
2	Audit Committee			
3	Finance, procurement and general purposes Committee	Francis mutali	chair	
4	Academic Committee			
5	Development Committee			
6	Discipline and welfare Committee	maurice, alex, elizabeth	Chair secretary	
7	Adhoc Committee (if any during the year)			

**(d) School operation Management**

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

Ref:	Designation	Name	TSC Number
1	Principal	Alex Liyayi Luyali	390514

**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

**(e) Schools contacts**

Post Office Box: 42 Naitiri  
Telephone:  
E-mail: mbakaloboy@gmail.com  
Website:  
Facebook:  
Twitter:

**(f) School Bankers**

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

1. Name of Bank: Kcb  
Branch: Kitale  
Account Number: 1105106667
2. Name of Bank: Coopertive  
Branch: Kimilili  
Account Number: 01139096944200
3. Name of Bank: Kcb  
Branch: Webuye  
Account Number: 1108074537
4. Name of Bank: Cooperative  
Branch: Kitale  
Account Number: 01139096944201
5. Name of Bank: Cooperative  
Branch: Kimilili  
Account Number: 01103096944200

3. MPESA Pay Bill No. 522123 account 50064k

(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

**MBAKALO FRIENDS BOYS HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL  
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For the year ended 30<sup>th</sup> 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:**

**CASH AND BANK BALANCES**

	2018	2019	2020
TUITION	339,785.90	15,759.60	58,033.10
OPERATION	630,116.40	179,684.50	644,310.50
SCHOOL FUND	1,654,756.95	219,093.65	225,584.65

**SCHOOL INCOME**

TUITION		3,244,455.70	1,845,495.00
OPERATION	10,825,766.40	15,634,949.10	11,793,850.00
SCHOOL FUND	25,140,657.00	29,675,695.70	20,802,626.00

**SCHOOL EXPENDITURE**

TUITION		3,760,255.00	2,425,382.00
OPERATION	10,636,051.00	15,302,911.00	15,075,507.00
SCHOOL FUND	24026482	28,535,574.00	17,330,373.00

**SUPLUS/DEFICIT**

TUITION		-521566.3	-584,059.00
OPERATION	189,715.40	33,403,810.00	-3281657
SCHOOL FUND	1,114,175.00	1,140,121.70	3472250.7

**b) Teacher: Student ratio:**

Total number of students: 1138

Total number of teachers: 46

Ratio: 1: 24

Number of teachers recruited to the school within the last year: 2

Transferred: 3

Retired: 0

TSC Teachers: 29

BOM teachers: 17

YEAR	ENTRY	MEAN SCORE	TRANSITION TO UNIVERSITY
2018	194	5.35	45

*MBAKALO FRIENDS BOYS HIGH SCHOOL*  
**PUBLIC SECONDARY SCHOOL**  
Annual Report and Financial Statements  
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2019	225	5.67	62
2020	244	5.9	75
2021	179	5.7	48
2022	321	5.0	52

e) **Capacity of the school:**

Number of students: 1138

Dining hall: 1

Laboratories: 2

Toilets: 28

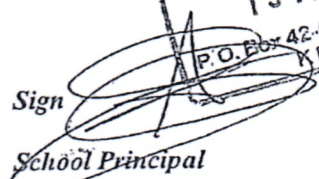
**MBAKALO FRIENDS BOYS HIGH SCHOOL  
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**f) Development projects carried out by the school:**

*Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format*

**SENIOR PRINCIPAL**  
**MBAKALO FRIENDS BOYS HIGH SCHOOL**  
**15 FEB 2023**  
**P.O. BOX 42-50211, NAITIRI**  
**KENYA**

Sign   
School Principal

**MBAKALO FRIENDS BOYS HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022**

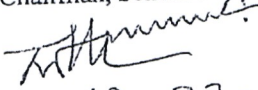
**III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY**

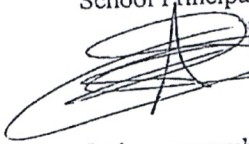
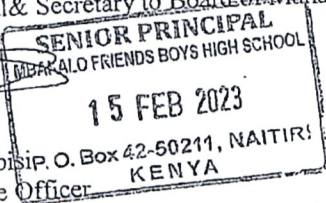
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant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


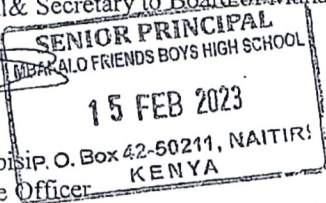
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of (*Mbakalo friends boys*) 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 30<sup>th</sup> June, 2022, and of the school's financial position as at that date.

Name: Elikanah Malala  
Designation: Chairman, School Board of Management  
Sign:   
Date: 10.02.2023

Name: Alex Luyali  
Designation: School Principal & Secretary to Board of Management  
Sign:   
Date: 

Name: Joshua wanambisi  
Designation: Bursar/ Finance Officer  
Sign:   
Date: 

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON MBAKALO FRIENDS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - BUNGOMA COUNTY**

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### 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, 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 Mbakalo Friends Secondary School – Bungoma County set out on pages 10 to 23, which comprise of the statement

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*Report of the Auditor-General on Mbakalo Friends Secondary School for the year ended 30 June, 2022 – Bungoma County*

of financial assets and liabilities, statement of receipts and payments and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory Notes 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 Mbakalo Friends Secondary School – Bungoma County as at 30 June, 2022, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Variances Between Financial Statement and Ledgers Balances**

The statement of receipts and payments reflects school fund income - parents' contributions of Kshs.42,129,609 and as reflected under Note 3 to the financial statements. However, comparison of the ledgers and financial statements revealed variances as indicated below;

<b>Component</b>	<b>Financial Statements Balances</b>	<b>Ledger Balance</b>	<b>Variance</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Personnel Emoluments	3,860,627	3,530,681	329,946
Fee on Boarding and Equipment Store	29,634,612	25,457,257	4,177,355
Maintenance and Improvement	1,846,588	1,405,495	441,093
Local Transport and Travelling	1,533,127	998,581	534,546
Electricity, Water and Conservancy	3,261,052	2,122,811	1,138,241
Admin Fees	1,421,193	1,087,974	333,219
Activity Fees	572,409	245,599.00	326,810
Exercise books	2,068,200	1,910,320	157,880
Laboratory equipment	1,608,110	1,320,690	287,420
Internal exams	781,700	627,850	153,850
Teaching/Learning materials	250,920	135,650	115,270
Activity expenses	727,950	279,450	448,500
Maintenance & Improvements	3,139,494	2,981,914	157,580
Electricity and Water	1,540,706	1,410,706	130,000
Administration costs	1,258,330	843,330	415,000
Fee on Boarding equipment	28,711,387	24,589,283	4,122,104

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

## **2. Unsupported Accounts Payables**

The statement of financial assets and liabilities reflects accounts payables of Kshs.16,297,646 and as reflected under Note 12 to the financial statements. However, the payables were not supported by details of payees and amounts payable. In addition, the balance was not supported by delivery notes, inspection minutes and invoices to confirm the authenticity of the payables.

In the circumstances, the accuracy and completeness of the accounts payable balance of Kshs.16,297,646 could not be confirmed.

## **3. Unsupported Accounts Receivables**

The statement of financial assets and liabilities reflects accounts receivables balance of Kshs.21,520,602. Included in the balance are fees arrears and other non-fees receivables of Kshs.21,141,645 and Kshs.378,957 respectively. However, the School did not have a detailed schedule of debtors to support the balance in the financial statements.

In the circumstances, the accuracy and completeness of accounts receivables of Kshs.21,520,602 could not be confirmed.

## **4. Unsupported Board Allowances**

The statement of receipts and payments reflects boarding and school fund payments of Kshs.38,410,532 and as reflected under Note 7 to the financial statements. Included in the payments is an amount of Kshs.553,080 in relation to board expenses. However, although the Board Members were compensated at a rate of Kshs.3,000 each, the minutes approving the rates were not provided for audit. In addition, signed attendance sheets for the meetings and signed payment schedules for payments amounting to Kshs.206,000 were not provided for audit .

In the circumstances, the accuracy and completeness of board expenses amounting to Kshs.206,000 could not be confirmed.

## **5. Unsupported Bank Balances**

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.2,412,796, comprising bank balance of Kshs.2,155,360 and cash-in-hand balance of Kshs.257,436 as disclosed in Notes 8 and 9 to the financial statements respectively. However, the School did not maintain cash books for maintenance and improvement and gratuity accounts.

In the circumstances, the accuracy and completeness of the reported cash and cash equivalents balance of Kshs.2,412,796 could not be confirmed.

## **6. Unsupported Boarding and School Fund Payments**

The statement of receipts and payments reflects boarding and school fund payments of Kshs.38,410,532 and as reflected under Note 7 to the financial statements. However, review of the payment vouchers amounting to Kshs.10,287,045 revealed that supply of goods were not supported with quotations, local\_purchase orders, delivery Notes and invoices.

In the circumstances, the accuracy and completeness of expenditure totalling Kshs.10,287,045 could not be confirmed.

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

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Adhere to the Prescribed Financial Reporting Format**

Review of the financial statements for the year ended 30 June, 2022 revealed that the School did not adhere to the reporting template and guidelines on implementation of the Public Sector Accounting Standards as provided by the Public Sector Accounting Standards Board as detailed below:

- i. The headers of the financial statements do not indicate the period of audit and the respective titles of the financial statements were not correctly titled.
- ii. The date of appointment of School Board Members is not indicated. In addition, the School Board committee's information on the number of meetings attended during the year, and the committee members is not indicated.
- iii. The School contact information is not indicated
- iv. A disclosure on the development projects carried out by the School has not been made.
- v. The statement of budgeted versus actual amounts is missing.
- vi. Significant accounting policies used in the preparation of the financial statements is missing.
- vii. No reference has been made on other important disclosures on stock/inventory, analysis of pending accounts payable and summary of the fixed assets register.
- viii. Page numbering is incomplete as pages 9 to 23 have not been indicated.

This was contrary to Section 81(3) of the Public Finance Management Act, 2012 which states that the Accounting Officer should prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board.

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

## **2. Failure to Maintain a Fixed Assets Register**

Review of the School's records revealed that the School did not maintain a fixed assets register. This was contrary to Regulation 143 (1) of Public Finance Management (National Government) Regulations, 2015 which provides that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

## **3. Lack of Approved Staff Establishment and Salary Structure**

Review of the payroll records revealed that the School did not have an approved salary structure and staff establishment which govern non-teaching staff. As a result, it was not possible to establish the required number of non-teaching staff and their salary structures. In the circumstances, it was not possible to confirm whether the school had an optimal number of employees and the regularity of the salaries and wages paid.

#### **4. Lack of Ownership Documents for Non- Current assets**

Review of the Schools land records revealed that the Management did not have title deed or allotment letter for the land on which the School is built.

In the circumstances, the ownership and security of the School's assets could not be confirmed.

#### **5. Irregular Procurement of Works**

The statement of receipts and payments reflects payments for operations of Kshs.19,091,031 and as reflected under Note 6 of the financial statements. Included in the balance is an expenditure of Kshs.7,337,077 in respect of maintenance and operations. The amount was used in payment of construction of a dormitory. However, approvals from the Ministry of Public Works and the County Director of Education, Bills of Quantities, architectural and structural designs and payment certificates were not provided for audit.

Further, audit verification done in the month of June, 2023 revealed that the project had stalled at a lintel level and the contractor was not on site.

In the circumstances, value for money derived from the payments amounting to Kshs.7,337,077 could not be confirmed.

#### **6. Irregular Payments on Facilitation of Quality Performance**

The statement of receipts and payments reflects payments for operations balance of Kshs.19,091,031. Review of payment vouchers revealed that Kshs.400,000 was paid vide payment voucher No. 504 for compensation of students and teachers with outstanding performances. However, Board minutes approving such an expenditure were not provided for audit. In addition, signed payment schedules indicating how much was paid for each student or teacher were also not provided for audit.

In the circumstances, the authenticity of the expenditure of Kshs.400,000 could not be confirmed.

#### **7. Unsupported Repairs on Services**

The statement of receipts and payments reflects boarding and school fund payments of Kshs.38,410,532 and as reflected under Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.3,194,394 in respect of maintenance and improvements, out of which Kshs.447,960 was paid to a garage for servicing of school bus. However, pre and post inspection reports in support of the services were not provided for audit.

In the circumstances, the authenticity of the expenditure of Kshs.447,960 could not be confirmed.

### **8. Irregular Procurement of Tuition Materials**

The statement of financial assets and liabilities reflects a balance of Kshs.5,004,030 in respect of payments for tuition. Included in this balance are payments made for purchase of exercise books of Kshs.2,068,200, laboratory equipment of Kshs.1,608,110 and learning materials of Kshs.250,920, all totalling Kshs.3,927,230. However, there was no evidence to confirm that tenders were advertised, tender evaluation was done, professional opinions was issued by the Head of procurement, notifications of award was done, letters of acceptance were issued and contract/framework agreements were signed. In addition, the store ledgers did not indicate that the goods were received in the store.

In the circumstances, the validity and value for money amounting to Kshs.3,927,230 could not be confirmed.

### **9. Unsupported Payments for Operations and Tuition**

The statement of receipts and payments reflects payments for tuition of Kshs.5,004,030 and payments for operations of Kshs.19,091,031, all totalling to Kshs.24,095,061 as reflected under Notes 5 and 6 to the financial statements. However, the payment vouchers relating to these items were not supported with requisitions, invoices, receipts and delivery notes.

In the circumstances, the accuracy and completeness of the expenditure totalling to Kshs.4,095,061 could not be confirmed.

### **10. Failure to Carry out Inspection of Goods Procured**

The statement of financial performance reflects total payments of Kshs.62,505,593 for payments for tuition of Kshs.5,004,030, payments for operations of Kshs.19,091,031 and payments for boarding of Kshs.38,410,532 and as reflected under Notes 5, 6 and 7 to the financial statements respectively. However, the School did not have an inspection and acceptance committee to inspect goods received to confirm whether they are of the right quality and quantity, contrary to Section 48 (3) of Public procurement and Asset Disposal Act, 2015.

In the circumstances, the 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 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 matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Weaknesses in Textbooks Records Management**

Review of the Schools' records revealed that books were received from the Ministry of Education but delivery notes to confirm the number of books dispatched by the Ministry were not provided for audit.

In the circumstances, the adequacy of the internal controls in the receiving of the text books could not be confirmed.

### **2. Weaknesses in Cash Management**

The statement of financial assets and liabilities reflected cash and cash equivalents of Kshs.2,412,796. However, review of the cash book records and bank statements revealed cash withdrawals without having an approved set limit an indicator of poor cash management practices. This was contrary to Regulation 83(2)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that 'sound cash management includes assessing the cash inflows and outflows expected at any one time'. In addition, the cashbooks were not signed by a senior officer to confirm the accuracy and completeness of the transactions. Further, Board of survey was not conducted to confirm the cash balances.

In the circumstances, the adequacy and effectiveness of internal controls in the Hospitals cash book management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 of these financial statements in accordance with International Public Sector Accounting Standards 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Schools ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management is aware of the intention to liquidate 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 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 overall 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAI's 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 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 control 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 Schools ability to continue as a going concern. 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 Scheme to cease to continue as a going concern.
- 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

12 October, 2023

**MBAKALO FRIENDS BOYS HIGH SCHOOL**

**I. STATEMENT OF RECEIPTS AND PAYMENTS**

DESCRIPTION OF VOTE HEAD	No	2020 - 2021	2019 - 2020
		Kshs	Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	4,103,222	988,831
Capitation grants for operations	2	18,221,032	7,612,090
School Fund Income- Parents' Contribu	3	42,129,609	11,260,325
School Fund Income- Other receipts	4	290,250	124,000
Proceeds from borrowings			
<b>TOTAL RECEIPTS</b>		<b>64,744,114</b>	<b>19,985,246</b>
<b>PAYMENTS</b>			
Payments for Tuition	5	5,004,030	1,054,860
Payments for operations	6	19,091,031	7,213,756
Boarding and school fund payments	7	38,410,532	14,419,870
<b>TOTAL PAYMENTS</b>		<b>62,505,593</b>	<b>22,688,486</b>
<b>SURPLUS/DEFICIT</b>		<b>2,238,521</b>	<b>(2,703,240)</b>

*BURSA*

*Principal*

*CHAIRMAN*

*[Signature]*

*[Signature]*

**MBAKALO FRIENDS BOYS HIGH SCHOOL**

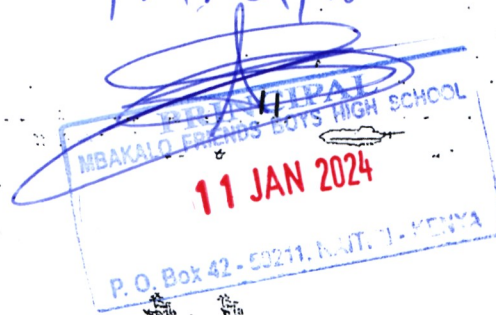
**II. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES**

	Note	2021 - 2022 Kshs	2020 - 2021 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	2,155,360	1,601,967
Cash Balances	9	257,436	36,133
Short term Investment	10	-	-
<b>Total Cash and Cash Equivalents</b>		<b>2,412,796</b>	<b>1,638,100</b>
Account's receivables	11	21,520,602	16,208,135
<b>TOTAL FINANCIAL ASSETS</b>		<b>23,933,398</b>	<b>17,846,236</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable	12	16,297,646	12,449,005
<b>NET FINANCIAL SSETS</b>		<b>7,635,752</b>	<b>5,397,231</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July..	13	5,397,231	8,100,471
Surplus/Defict for the year		2,238,521	(2,703,240)
<b>NET FINANCIAL POSITION</b>		<b>7,635,752</b>	<b>5,397,231</b>

BURSA

PRINCIPAL

CHAIRMAN



**MTAKALO BOYS HIGH SCHOOL**

**STATEMENT OF CASH FLOW**

		2021-2022	2020-2021
		Kshs	Kshs
<b>Receipts from operating activities</b>			
Capitation grants for tuition	1	4,103,222	988,831
Capitation grants for operations	2	18,221,032	7,612,090
School fund income- Parents contributor	3	42,129,609	11,260,325
School fund income- other receipts	4	290,250	124,000
<b>Total receipts</b>		<b>64,744,114</b>	<b>19,985,246</b>
<b>Payments</b>			
Payments for Tuition		5,004,030	1,054,860
Payments for operations		19,091,031	7,213,756
Boarding and school fund payments		38,410,532	14,419,870
		<b>62,505,593</b>	<b>22,688,486</b>
		<b>2,238,521</b>	<b>(2,703,240)</b>
increase/decreas in accounts recievables		(5,312,466)	120,803
decrease /increase in accounts payables		3,848,641	3,272,610
<b>Net cash flows from operating Activities</b>		<b>774,696</b>	<b>690,173</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
<b>Net cash flows from Investing Activities</b>		-	-
<b>NET CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
<b>Net cash flows from Investing Activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			

*BURCAR*

12  
*PRINCIPAL*

*CHAIRMAN*

*[Signature]*

**PRINCIPAL**  
 MBAKALO FRIENDS BOYS HIGH SCHOOL  
**11 JAN 2024**  
 P. O. Box 42 - 50211, NAITIRI - KENYA

*[Signature]*

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<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>10</b>	<b>1,638,100</b>	<b>947,927</b>
<b>Cash and cash equivalent at END of the year</b>		<b>2,412,796</b>	<b>1,638,100</b>

**MEAKALO FRIENDS BOYS HIGH SCHOOL**

<b>TRIAL BALANCE AS AT 30TH JUNE 2021</b>			
		<b>DR</b>	<b>CR</b>
<b>Cash and Cash equivalents</b>			
	Bank Balances	2,155,360	
	Cash Balances	257,436	
	Short term investments	-	
	Receivables	21,520,602	
<b>Payments</b>			
	Payments for Tuition	5,004,030	
	Payments for operations	19,091,031	
	Boarding and school fund payments	38,410,532	
<b>Receipts</b>			
	Capitation grants for tuition		4,103,222
	Capitation grants for operations		18,221,032
	School Fund Income- Parents' Contributions		42,129,609
	School Fund Income- Other receipts		290,250
	Proceeds from borrowings		
<b>Prior Year Adjustment</b>			
	Fund Balance b/f		5,397,231
	Payables		16,297,646
<b>TOTAL</b>		<b>86,438,991</b>	<b>86,438,990</b>

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**MBAKALO FRIENDS BOYS HIGH SCHOOL**

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**II. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES**

	Note	2021 - 2022 Kshs	2020 - 2021 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	2,155,360	1,601,967
Cash Balances	9	257,436	36,133
Short term Investment	10	-	-
<b>Total Cash and Cash Equivalents</b>		<b>2,412,796</b>	<b>1,638,100</b>
Account's receivables	11	21,520,602	16,208,135
<b>TOTAL FINANCIAL ASSETS</b>		<b>23,933,398</b>	<b>17,846,236</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable	12	16,297,646	12,449,005
<b>NET FINANCIAL SSETS</b>		<b>7,635,752</b>	<b>5,397,231</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July..	13	5,397,231	8,100,471
Surplus/Defict for the year		2,238,521	(2,703,240)
<b>NET FINANCIAL POSITION</b>		<b>7,635,752</b>	<b>5,397,231</b>

*MBAKALO FRIENDS BOYS HIGH SCHOOL*  
**PUBLIC SECONDARY SCHOOL**  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022

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**IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS OF (mbakalo friends boys ) SCHOOL OF THE YEAR ENDING 30<sup>TH</sup> JUNE 2022**

*To be attached*

**MBAKALO FRIENDS BOYS HIGH SCHOOL**

<b>I. NOTES TO THE FINANCIAL STATEMENTS</b>			
<b>1</b>	<b>CAPITATION GRANT FOR TUITION</b>		
		<b>2021-2022</b>	<b>2020-2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Textbooks and reference materials	68,962.80	95,356.25
	Exercise books	1,806,740.00	204,820.00
	Laboratory equipment	1,074,990.00	501,600.00
	Internal exams	802,180.00	104,500.00
	Teaching / learning materials	156,728.00	52,250.00
	Chalks	193,621.50	30,305.00
	Exams and assessment	-	-
	Reference/Library	-	-
	Teachers guides	-	-
	<b>Total</b>	<b>4,103,222.30</b>	<b>988,831.25</b>
<b>2</b>	<b>CAPITATION GRANT FOR OPERATIONS</b>		
		<b>2021-2022</b>	<b>2020-2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Personnel emoluments	5,836,046.00	2,044,800.00
	Maintenance and Improvement	6,718,000.00	3,658,092.95
	Local transport / travelling	881,262.40	261,250.00
	Electricity and water	1,491,640.00	605,507.05
	Medical	463,313.80	104,500.00
	Administration costs	1,921,440.00	832,865.00
	Gratuity	450,000.00	-
	Activity	459,330.00	105,074.75
	<b>Total</b>	<b>18,221,032.20</b>	<b>7,612,089.75</b>
<b>3</b>	<b>PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT</b>		
		<b>2021-2022</b>	<b>2020-2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Personnel emoluments	3,860,627.70	908,837.00
	Fee on Boarding Equipment and	29,634,612.00	7,614,804.00
	Maintenance and Improvement	1,846,588.00	1,044,594.00
	Local transport / travelling	1,533,127.00	425,948.00
	Electricity and water	3,261,052.00	815,696.00
	Medical	-	-
	Administration costs	1,421,193.55	386,781.00
	Activity	572,409.00	63,665.00
	<b>Total</b>	<b>42,129,609.25</b>	<b>11,260,325.00</b>

4 RECEIPTS - SCHOOL FUND ACCOUNT		2021-2022	2020-2021
		Kshs	Kshs
Rent income		-	-
Income from farming activities		149,750.00	100,000.00
Insurance compensation		-	-
Income from Posho mill		-	-
Income from Bus Hire		90,500.00	9,000.00
Fee for hire of ground and equipment		-	-
Income from grants and donations*		-	-
Tender fees		50,000.00	15,000.00
Pocket Money		-	-
Caution Money		-	-
Dividends income		-	-
<b>Total</b>		<b>290,250.00</b>	<b>124,000.00</b>
5 PAYMENTS FOR TUITION		2021-2022	2020-2021
		Kshs	Kshs
Textbooks and reference materials		209,100.00	60,250.00
Exercise books		2,068,200.00	200,000.00
Laboratory equipment		1,608,110.00	624,610.00
Internal exams		781,700.00	70,000.00
Teaching / learning materials		250,920.00	50,000.00
Chalks		86,000.00	50,000.00
Exams and assessment		-	-
Teachers guides		-	-
Administration Costs		-	-
Bank Charges		-	-
<b>Total</b>		<b>5,004,030.00</b>	<b>1,054,860.00</b>

6	PAYMENTS FOR OPERATIONS		
		2021-2022	2020-2021
		Kshs	Kshs
	Personnel emoluments	4,558,380.00	2,009,349.00
	Service Gratuity	400,000.00	20,000.00
	Administration Cost	2,143,732.00	741,840.00
	Maintenance and Improvement	7,337,077.00	3,087,390.00
	Local transport / travelling	678,940.00	367,017.00
	Electricity and water	2,809,052.00	779,560.00
	Medical	435,900.00	43,000.00
	Activity Expenses	727,950.00	165,600.00
	Others	-	-
	Insurance Cost	-	-
	Bank Charges	-	-
	Grants	-	-
	Acquisition of Assets	-	-
	<b>TOTAL</b>	<b>19,091,031.00</b>	<b>7,213,756.00</b>
7	BOARDING AND SCHOOL FUND PAYMENTS		
		2021-2022	2020-2021
		Kshs	Kshs
	Personnel emoluments	2,691,770.00	865,420.00
	Service Gratuity	-	-
	Maintenance & Improvements	3,139,494.00	797,040.00
	Local transport / travelling	671,100.00	287,000.00
	Electricity and water	1,540,706.00	426,530.00
	Medical Expenses	-	-
	Administration costs	1,258,330.00	315,490.00
	Lunch Programme	-	-
	Bank Charges	-	-
	Expenses on Income Generating Activities	102,560.00	167,220.00
	Fee on Boarding Equipment and Stores	28,711,387.00	11,525,920.00
	Activity Expenses	295,185.00	35,250.00
	Pocket Money	-	-
	Medical Expenses	-	-

Loan Interest repayment		-	-
Acquisition of Assets		-	-
<b>TOTAL</b>		<b>38,410,532.00</b>	<b>14,419,870.00</b>

*Expenses on income generating activities\*\* should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.*

<b>8</b>	<b>BANK ACCOUNTS</b>			
	<b>Name of Bank, Account No.</b>	<b>Bank</b>	<b>2021-2022</b>	<b>2020-2021</b>
			<b>Kshs</b>	<b>Kshs</b>
	<b>Tuition Account</b>		76,834.65	112,122.35
	<b>Operations Account</b>		231,202.45	552,594.25
	<b>School Fund</b>		1,847,323.20	937,250.65
	<b>Savings Account</b>			
	<b>Parent Association</b>		-	-
	<b>Income generating activities Account</b>		-	-
	<b>Infrastructural Account</b>			
	<b>Total</b>		<b>2,155,360.30</b>	<b>1,601,967.25</b>
<b>9</b>	<b>CASH IN HAND</b>			
	<b>Description</b>		<b>2021-2022</b>	<b>2020-2021</b>
			<b>Kshs</b>	<b>Kshs</b>
	<b>Tuition Account</b>		-	-
	<b>Operation Account</b>		125,850.00	-
	<b>School Fund account</b>		131,586.00	36,133.00
	<b>Total</b>		<b>257,436.00</b>	<b>36,133.00</b>

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10	SHORT TERM INVESTMENTS			
	Description	2021-2022	2020-2021	
		Kshs	Kshs	
	Cooperative shares	-	-	
	Treasury Bills	-	-	
	Fixed deposit	-	-	
	Equity stock	-	-	
	Other investments	-	-	
	<b>Total</b>	-	-	
11	ACCOUNTS RECEIVABLE			
	Description	2021-2022	2020-2021	
		Kshs	Kshs	
	Fees arrears	21,141,644.95	16,208,135.25	
	Other non-fees receivables	378,957.00	-	
	P.A.Y.E	-	-	
	N.S.S.F	-	-	
	Salary advances	-	-	
	Imprest	-	-	
	<b>Total</b>	21,520,601.95	16,208,135.25	
	[Include an ageing of the fees / non fees arrears below]			
	Description	2021-2022	2020-2021	
		Kshs	Kshs	
	Fees arrears for current year	7,448,385.00	1,881,905.30	
	Fees arrears for the previous	3,288,127.00	3,921,097.00	
	Fees arrears for prior periods	10,405,132.95	10,405,132.95	
	<b>Total</b>	21,141,644.95	16,208,135.25	
12	ACCOUNTS PAYABLE			
	Description	2021-2022	2020-2021	
		Kshs	Kshs	
	Trade creditors (See ageing	14,633,118.00	11,618,001.00	
	Prepaid fees	1,287,471.00	831,004.00	
	Retention monies	377,057.00	-	
	<b>Total</b>	16,297,646.00	12,449,005.00	
	[Include an ageing of the creditor's arrears below]			
	Description	2021-2022	2020-2021	
		Kshs	Kshs	
	Trade creditors for current	5,900,621.00	1,722,600.00	
	Trade creditors for the	8,732,497.00	9,064,397.00	
	Trade creditors for prior	-	-	
	<b>Total</b>	14,633,118.00	10,786,997.00	
13	FUND BALANCE BROUGHT FORWARD			

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Description	2021-2022		2020-2021	
		Kshs		Kshs
Bank balances		1,601,967.25		946,567.75
Cash balances		36,133.00		1,360.00
Short Term Investments				-
Receivables		16,208,135.25		16,328,937.95
Payables		(12,449,005.00)		(9,176,395.00)
<b>Total</b>		<b>5,397,230.50</b>		<b>8,100,470.70</b>

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**Other important disclosure notes**

**14 Non-current Liabilities Summary**

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

**15 Biological assets**

Description		2021-2022		2020-2021	
			Kshs		Kshs
Cattle	10		200,000.00		300,000.00
Goats			-		-
Trees	100		500,000.00		750,000.00
Coffee or tea plantation			-		-
Poultry			-		-
<b>Total</b>			<b>700,000.00</b>		<b>1,050,000.00</b>

**16 Borrowings**

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

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17 1 Stock/ Inventory			
Description		2021-2022	2020-2021
		KShs	KShs
<b>Stock/Inventory</b>			
Stock/ inventory at beginning of the		76,580.00	58,790.00
Stock/ inventory purchased during		982,500.00	2,677,680.00
Stock/ inventory issued during the		812,580.00	2,659,890.00
Balance at end of the year		246,500.00	76,580.00

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