


REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 FEB 2023	DAY: Wed
TABLED BY:	Hon. Samuel Chepkonga, MP
CLERK-AT THE-TABLE:	M. Mado

PARLIAMENT
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REPORT

OF

THE AUDITOR-GENERAL

ON

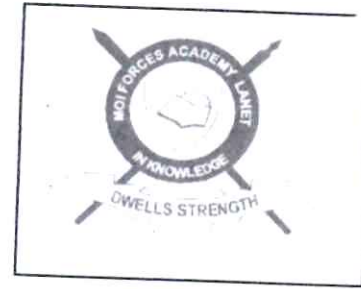
MOI FORCES ACADEMY-LANET

**FOR THE YEAR ENDED
30 JUNE, 2023**

NAKURU COUNTY



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
13 MAY 2024
RECEIVED



MOI FORCES ACADEMY-LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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

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1. Acronyms and Glossary of Terms

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

Key School Information and Management**(a) Background information**

Moi Forces Academy – Lanet school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is in Nakuru County, Nakuru North Sub-County.

The school was registered in April 2015 under registration number 960 and is currently categorized as a national public school established, owned or operated by the Government.

The school is a boarding school and had 1613 number of students as at 30th June 2023. It has 7 streams and 65 teachers of which 16 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	Maj. Gen David K C Tarus	Chairman	07/07/2022
2	Mrs. Mary Njogu	Secretary - Principal	03/02/2023
3	Lt. Col. Reuben Chania	Member	07/07/2022
4	Mrs Florence Chepkwony	Member	07/07/2022
5	Col. David Kwach	Member	07/07/2022
6	Lt. Col. Esther Mutai	Member - PA	07/07/2022
7	Mrs Rachel Mahugu	Member	07/07/2022
8	Hon Lawrence Karanja	Member – Rep CEB	07/07/2022
9	Daniel Kibithe	Member Rep Teachers	07/07/2022
10	Col.Ed. Catherine Nekesa	Members - Sponsor	07/07/2022
11	Col.(Rev) Alfayo K Lelei	Members - Sponsor	07/07/2022
12	Brig. David Kimaiyo	Members - Sponsor	07/07/2022
13	Dr. Joseph Mwangi	Member - Community	07/07/2022
14	Ms Ruth Gathoni	Member Special Needs	07/07/2022
15	Mrs Lilian Kavindu Mutiso	Member	07/07/2022
16	Mr. Dancun Kifue Mithamo	Member	07/07/2022
17	Dr.Kibeney Syphline	Member rep Special interest	07/07/2022
18	Victoria Ogombe	Rep Students	21/07/2022

The functions of the School Board of Management are to:

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

(c) Committees of the Board

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
	Executive Committee	i. Maj. Gen David K C Tarus ii. Ms Ruth Gathoni Ndungu iii. Ms Mary Njogu iv. Lt. Col. Esther Mutai v. Col. David Kwach vi. Hon. Lawrence Karanja	Chairman Vice Chair Secretary PA Chair Member Member	4/4 " " " " "
	Finance, procurement and general purposes Committee	i. Maj. Gen David K C Tarus ii. Col. Edu. C. Barasa iii. Ms Mary Njogu vi. Mrs Florence Soi v. Col. David Kwach vi. Hon. Lawrence Karanja vii. Mr. Erastus Lotuk	Chairman - member	1/1 " " "
	Academic Committee	i. Dr. Joseph Mwangi ii. Col. Edu. C. Barasa iii. Ms Mary Njogu vi. Mrs Lilian Mutiso v. Lt Col. Reuben Chania vi. Dr. Syphyline Kebeney vii. Mr. Daniel Kibithe Dep Academic	Chairman	0
	Development Committee	i. Mr. Dancun Kifue ii. Maj. Gen David K C Tarus	Chairman	6/6

MOI FORCES ACADEMY-LANET**Annual Report and Financial Statements for the year ended 30th June 2023**

		iii. Sub County Director of Education iv. Ms Mary Njogu vi. Mrs Rachel Mahugu v. L.Col. Esther Mutai vii. Hon. Lawrence Karanja viii. Mr. Daniel Kibithe		” ” ”
6	Discipline and welfare Committee	i. Hon. Lawrence Karanja ii. Ms Mary Njogu iii Ms Ruth Gathoni Ndungu iv. Lt. Col. Esther Mutai v. Col. Rev. Alfayo Lelei vi. Jane K Onduso Dep Administration	Chairman	2/2 ” ”

D.School operation Management

For the financial year ended 30th June 2023 the School day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	MARY NJOGU	TSC No.351014
2	Deputy Principal	JANE K ONDUSO	TSC No.348470
3	School Bursar	OMOLO PHILIP	ICPAK No. 22048

(d) Schools contacts

Post Office Box: 1238-20100
Telephone: 020213435
E-mail: info@moiforcesacademy.net.sc.ke

(e) School Bankers

Details of the school bankers are as follows:

Name of Bank: National Bank of Kenya

Branch: Nakuru

Accounts no: *Postal code*

- i. 01021019914400 – School Fund Account
- ii. 01025021174700 – Operation Account
- iii. 01025021045700- Tuition Account
- iv. 01022225593200 – Infrastructure
- v. 01242019914502- PA account

Postal address

(f) Independent Auditors

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

MOI FORCES ACADEMY-LANET

Annual Report and Financial Statements for the year ended 30th June 2023

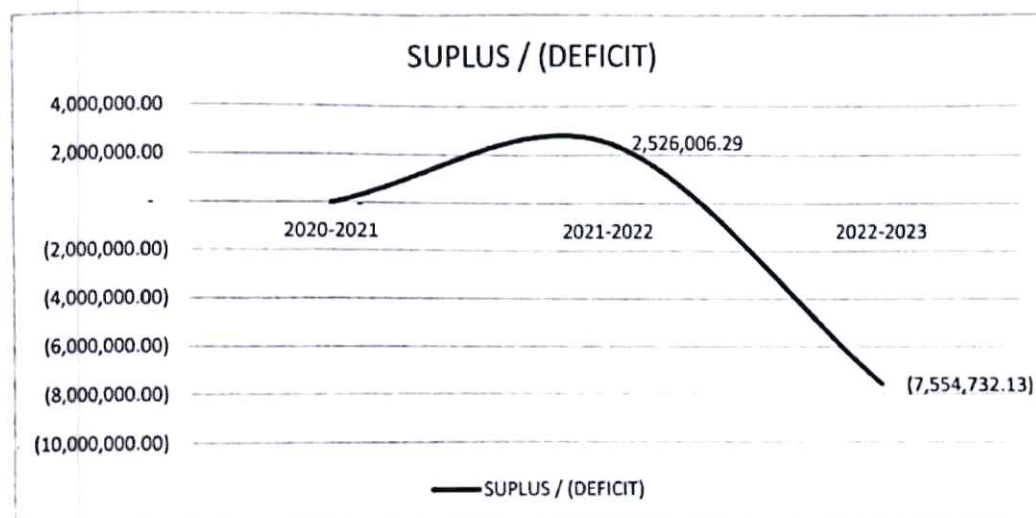
3. Summary Report of performance of the School

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

a) Financial performance:

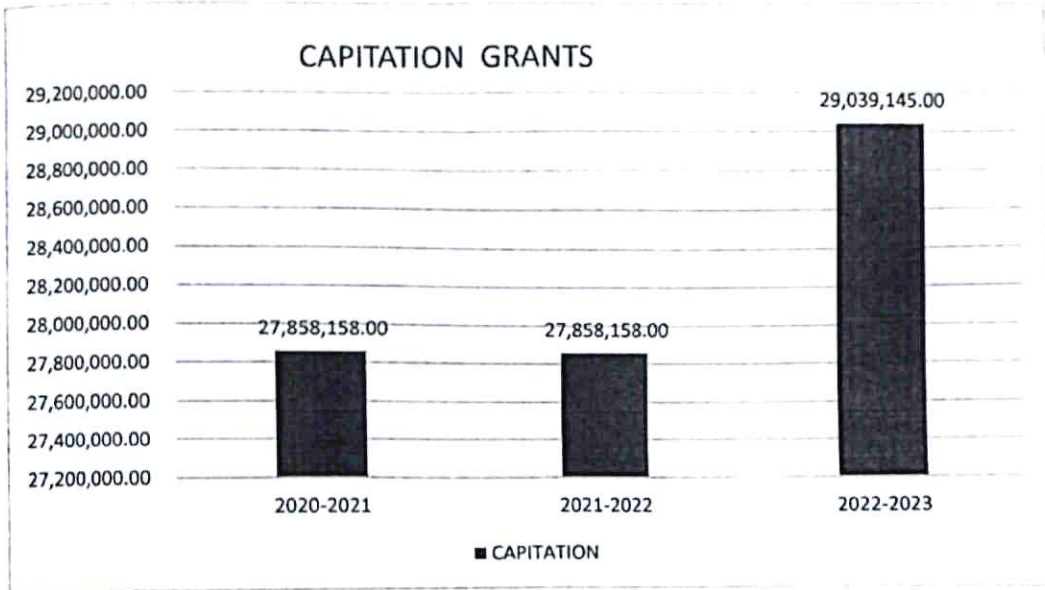
- i. Surplus/ deficit for the year and a comparison of the same for the last three years

YEAR	2020/2021	2021/2022	2022/2023
SURPLUS/ (DEFICIT)	0	2526006.29	(7554732.13)



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

YEAR	2020/2021	2021/2022	2022/2023
Capitation	27,858,158	27,858,158	29,039,145



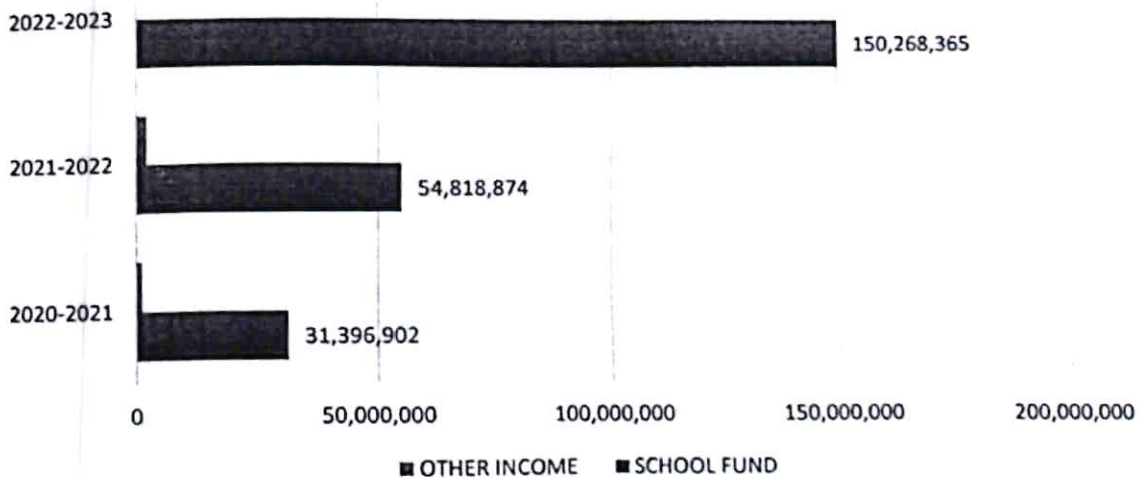
MOI FORCES ACADEMY-LANET

Annual Report and Financial Statements for the year ended 30th June 2023

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

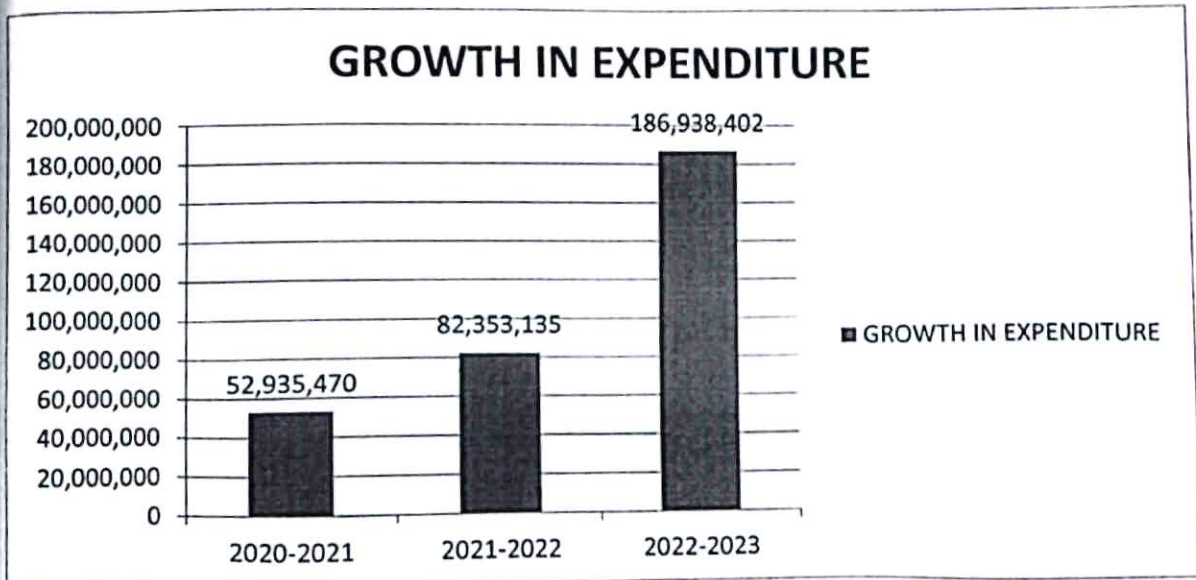
YEAR	2020/2021	2021/2022	2022/2023
Fee (students)	31,396,902	54,818,874	150,268,365
Other Income	1,184,545	2,202,109	76,160

GROWTH OF OTHER INCOMES (SCHOOL FUND)



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

YEAR	2020/2021	2021/2022	2022/2023
Expenditure	52,935,470	82,353,135	186,938,402

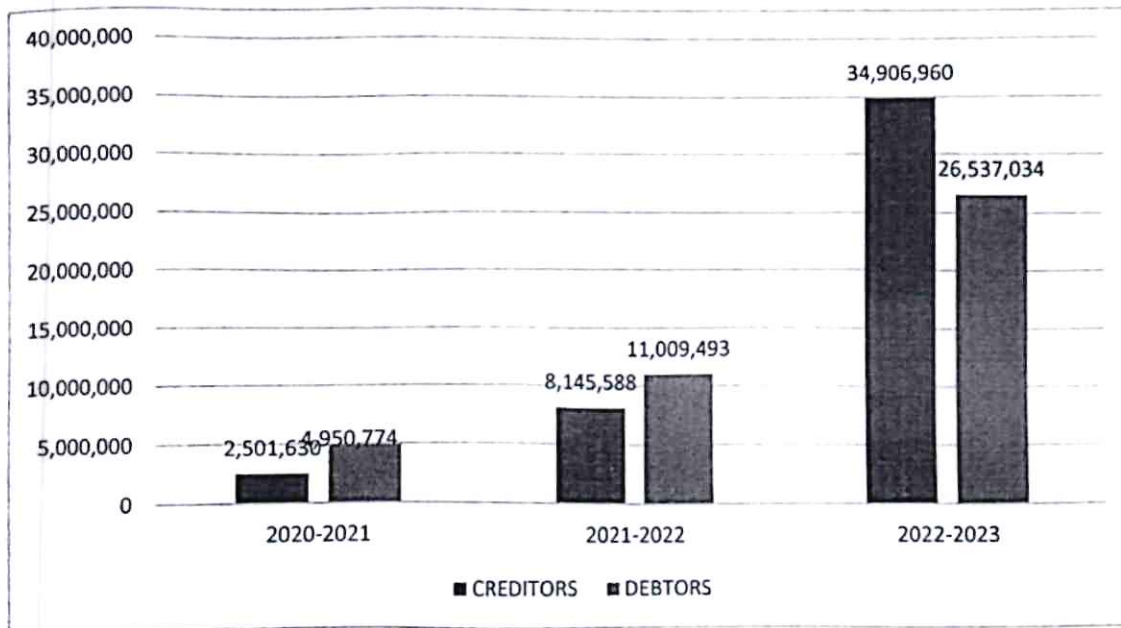


MOI FORCES ACADEMY-LANET

Annual Report and Financial Statements for the year ended 30th June 2023

v. Movement of debtors and creditors of the school over the last three years

YEAR	2020/2021	2021/2022	2022/2023
Debtors	4,950,774	11,009,493	26,537,034
Creditors	2,501,630	8,145,588	34,906,960



b) Teacher Student ratio:

of TSC chrs	Teachers recruited during the Year	Teacher retired during the year	Teachers transferred to other institutions	BOM Employed Teachers	Total No of Teachers present	No of students
	None	1	4	16	65	1613

Shortage per Subject combination

SN	SUBJECT COMBINATION	SHORTAGE
01	English /Literature	1
02	Kiswahili /Geography	2
03	History / CRE	2
04	Mathematics / Business Study	1
05	Mathematics / Chemistry	2
06	Biology / Chemistry	2
07	Physics / Chemistry	2
08	Art & Design	1

c) School performance:

Details/ Year	2020	2021	2022	2023
School Set Score	9.0	9.0	9.0	9.0
No of candidates	319	342	345	453
School mean grade Attained	7.9686	8.0175	7.3710	
Students Who Have since transitioned to institution of higher learning	257	272	233	

- comment on improvement

d) CAPACITY OF THE SCHOOL:

Details	Quantity
Student population	1613
Kitchen	1
Dining Hall	2
Laboratories	3
Library	1
Classrooms	27
Administration Block	1
Computer Lab	1
Swimming pool	1

e) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Dining hall	MOE	75% Complete	23,490,858.00	18,968,281.80	2024

PRINCIPAL
 MOI FORCES ACADEMY-LANET
 P.O. BOX 1238,
 School Principal
 NAKURU
 29/09/2023

4. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

The Board of Management of Moi Forces Academy- Lanet 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, 2023 and of the school's financial position as at that date.

Name: LT GEN AKCTAUS

Designation: Chairman, School Board of Management

Sign: 

Date: 30/9/2023

Name: MARY NJOGU

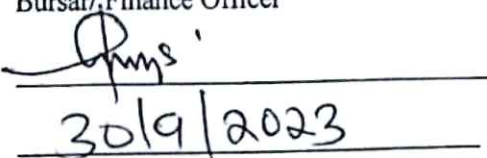
Designation: School Principal & Secretary to Board of Management

Sign: 

Date: 30/09/2023

Name: OMOLO PHILIP

Designation: Bursar/ Finance Officer

Sign: 

Date: 30/9/2023

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 MOI FORCES ACADEMY-LANET FOR THE YEAR ENDED 30 JUNE, 2023 - NAKURU COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such 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

Adverse Opinion

I have audited the accompanying financial statements of Moi Forces Academy-Lanet - Nakuru County set out on pages 1 to 20, which comprise of the statement of assets and liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of

cash flows, statement of budgeted versus actual amounts for the year 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Moi Forces Academy-Lanet - Nakuru County as at 30 June, 2023, 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 Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

Review of annual report and financial statements revealed the following inaccuracies: -

i) Statement of Assets and Liabilities

Description	Reported Opening Balance (Kshs)	Closing Balance as per 2021-2022 FY (Kshs)	Variance (Kshs)
Accounts Payable	8,145,330	7,374,030	771,300
Accumulated Fund Balance B/fwd	1,577,699	Nil	1,577,699
Surplus/Deficit	2,526,006	(80,372)	2,445,634
Net Financial Position	Nil	4,103,705	4,103,705

ii) Statement of Budgeted Versus Actual Amounts

Description	Amount Reported on Final Budget (Kshs)	Casted Amount (Kshs)	Variance (Kshs)
Capital Grants on Operations -Final Budget Sub-Totals	55,812,817	55,813,417	600
Capital Grants on Operations-Actual Sub-Totals	55,812,817	12,059,282	43,754,535
Grand Total Income-Final Budgeted Income	212,855,925	212,856,527	602
Grand Total Income-Final Actual Income	108,390,749	120,526,191	12,135,442

Description	Amount Reported on Final Budget (Kshs)	Casted Amount (Kshs)	Variance (Kshs)
Grand Total Income-Budget Utilization Difference	104,465,177	92,405,894	12,059,282

iii) Statement of Cash Flows

Description	Amount Reported in Statement of Cash Flows (Kshs)	Amount Reported as per Statement of Receipts and Payments (Kshs)	Variance (Kshs)
School Fund Income	177,029,997	150,268,366	26,761,631

iv) Boarding and School Fund

Description	Statement of Receipts and Payments-Reported Amount (Kshs)	Statement of Cash Flows-Amount Reported (Kshs)	Variance (Kshs)
Boarding and School Fund	145,440,245	160,967,786	15,527,541

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

2. Inaccuracies of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and operation amount of Kshs.4,196,918 and Kshs.12,059,282 as disclosed in Notes 1 and 2 to the financial statements. Review of the NEMIS capitation disbursements made to the School against the amount received by the School revealed an amount of Kshs.16,256,200 whereas the NEMIS capitation reflects an amount of Kshs.5,850,850, resulting to an unexplained variance of Kshs.10,405,350.

In the circumstances, the accuracy and completeness of the capital grants for tuition and operations of Kshs.4,196,918 and Kshs.12,059,282 could not be confirmed.

3. Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and financial liabilities reflects a bank balance and cash in hand of Kshs.4,885,801 and Kshs.33,099 as disclosed in Notes 10 and 11 to the financial statements respectively. However, the balances were not supported with board of survey certificates or bank reconciliation statements.

In the circumstances, the accuracy, completeness, existence and of the cash and cash equivalents balance of Kshs.4,918,900 could not be confirmed.

4. Lack of Support Schedules

Review of the financial statements revealed that all the components in the statement of receipts and payments, statement of financial assets and financial liabilities and the notes were not supported by schedules.

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

5. Cash Withdrawals without Supporting Documentation

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.4,918,900. Excluded from the balance is cash withdrawal of Kshs.3,247,507 without support documentation like bank statements, contrary to the Public Finance Management 2015, (National Government) Regulations, 2015 which stipulates that the Cabinet Secretary may suspend the operations of any government bank account or impose certain conditions, if he or she reasonably believes the purpose of that account no longer exists, or that fraud or fraudulent transactions are being undertaken in that specific account and shall institute investigations immediately.

In the circumstances, the accuracy and completeness of the reported cash and cash equivalents balance of Kshs.4,918,900 could not be confirmed while Management was in breach of the law.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Moi Forces Academy-Lanet 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 adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.212,856,527 and Kshs.120,856,191 respectively, resulting to an under-funding of Kshs.92,000,336 or 43% of the budget. However, the School spent Kshs.186,938,402 against actual receipts of Kshs.120,450,032, resulting to an over-utilization of Kshs.66,488,370 or 155% of the actual receipts.

The under-funding 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unconfirmed Students Enrolment Data

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations and infrastructure grants totaling Kshs.29,039,145. Comparison of data from National Education Management and Information System (NEMIS) with records from the County Director of Education revealed that during the financial year 2022/2023, NEMIS reflected 1,486 students, records provided by County Director of Education had 1,613 students, resulting to an underfunding of the School by an amount of Kshs.1,394,764. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, the under-funding of the School may have affected service delivery to the students.

2. Unexplained Cash Withdrawals by Retired School Bursar

Review of cash books revealed that the School's Bursar who left the School's employment on 2 December, 2022 made withdrawals amounting Kshs.3,058,490 in February, 2023 which was two months after handing over the office to another Bursar

and witnessed by the Chief Principal. This was contrary to Regulation 88(2) of the Public Finance Management (National Government) Regulations, 2015, which states that 'the Cabinet Secretary may suspend the operations of any government bank account or impose certain conditions, if he or she reasonably believes the purpose of that account no longer exists, or that fraud or fraudulent transactions are being undertaken in that specific account and shall institute investigations immediately'.

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

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

The statement of receipts and payments reflects operations grants amount of Kshs.12,059,282 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in operations bank account. Included in the amount is Kshs.6,013,000 in respect of infrastructure grants which were to be transferred to the infrastructure bank account for maintenance and improvement of the school's facilities. However, no amount was transferred infrastructure account as at 30 June, 2023. This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

4. Cash Procurement of Goods, Works and Services

Review of the cash book revealed that the School procured goods and services amounting to Kshs.5,759,817 through cash. However, no evidence was provided to confirm that the goods procured were taken on charge in the stores as no documentation was provided for audit review. This was contrary to Section 108 of the Public Procurement and Asset Disposal Act, 2015 which prescribes that the procedure and conditions for the use of low value procurement method by different classes of public entities or for different classes of goods, works or services being procured shall be as prescribed in the regulations.

In the circumstances, the School may not have received value for money for the expenditure incurred of Kshs.5,759,817.

5. Irregular Virement (Reallocation) of Funds

The School paid contractors Kshs.2,958,122 from the tuition account on diverse dates, contrary to the Ministry of Education Circular Ref. No: MOE/G1/9/1/44 dated 9 January, 2008 and MOE.HQS/3/13/3 dated 16 June, 2021 which directed that under the operations account, schools may seek authority from the County Education Boards (CEBs) to vire savings or surplus funds from one item to another, when it is absolutely necessary but no virement from the Tuition Account will be allowed. In addition, virement of funds from infrastructure account is not allowed as guided by paragraph 3.13 of circular MOE.HQS/3/10/18/(112) dated 15 November, 2022 which states that Under the

Operations Account, schools may seek authority from the CEBs to vire savings or surplus funds from one item to another when it is absolutely necessary but the same does not apply for both tuition and the infrastructure accounts.

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

6. Failure to Prepare School Improvement Plan

During the year under review, the School did not have an approved School Improvement plan, contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.145,440,245 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.731,840 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.731,840 could not be confirmed.

8. Lack of Procurement Plan

The statement of receipts and payments reflects Kshs.179,383,670 and Kshs.186,938,402 in respect of total receipts and payments respectively. However, during the year, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

9. Non-Compliance with the Requirements of the Public Sector Accounting Standards Reporting Template

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

- i. Under the 'capacity of the school' the annual report does not indicate that School has dormitories despite being a boarding school,
- ii. The amounts and balances in the annual report and financial statements have not been rounded off to the nearest shilling as per Note 1,
- iii. On page 4, the date of approval of the financials is erroneously indicated as 30th June, 2023,
- iv. The committees of the board last column is indicated as X out of X/XX instead of X out of XX,
- v. The Notes in the statement of receipts and payments, are not correctly aligned,
- vi. The designations of some members of the committees of the board are missing,
- vii. The postal address of the School's bankers is not indicated,
- viii. The School's set(target) score per year and a comment on improvement or otherwise are not included,
- ix. The number of candidates in KCSE is not under a separate heading (d) as indicated in the template,
- x. Note 10 to the financial statements does not indicate the status(active/dormant) of the bank accounts.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack of relevant information may affect users' reliance on the financial statements for decision making.

10. Excess Supply of Books

During the year under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Examination of records revealed that there is in stock excess text books of five thousand, five hundred and seventy (5,570) in the School store. No records were provided for audit review to verify the actual books which were distributed to the school by the Institute.

In the circumstances, value for money on the excess five thousand, five hundred and seventy (5,570) text books could not be confirmed.

11. Late Submission of Financial Statements for Audit

During the period under review, Management submitted the financial statements to the Auditor-General for audit on 13 May, 2024, instead of the statutory date of 30 September, 2023. This was contrary to the Ministry of Education Circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be

submitted for audit in compliance with Section 81 of the Public Finance Management Act, 2012 on preparation of financial statements.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

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

In the circumstances, the School did not benefit from the oversight role and advice from the audit committee and the internal audit function.

2. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register balance of nil value in respect of fixed assets which includes seventy-six (76) hectares or 187.6 acres of land. However, land ownership documents were not provided for audit.

In the circumstances, the ownership and safe custody of the 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 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 the Board of Management

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

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

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

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

The Board of Management is responsible for overseeing the 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 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 noncompliance. 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 judgment 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 the 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 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 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

24 September, 2024

6. Statement Of Receipts and Payments For the Year Ended 30th June 2023

DESCRIPTION OF VOTE HEAD	Note	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
		KSH	KSH
RECEIPTS			
Government grants for tuition	1	4,196,917.50 ✓	5,138,419.60 ⁰³
Government grants for operations	2	12,059,282.10 ✓	22,719,738.05 ⁰³
Government grants for infrastructure	3	12,782,945.00 ✓	-
School Fund Income- Parents contributions	4	150,268,365.50 ✓	54,818,874.79 ⁰³
Miscellaneous incomes	5	76,160.00 ✓	2,202,109.00 ⁰³
TOTAL RECEIPTS		179,383,670.10	84,879,141.44
PAYMENTS			
Tuition	6	6,901,032.00 ✓	5,660,330.00 ⁰³
Operations	7	15,628,843.00 ✓	22,711,288.55 ⁰³
Infrastructure	8	18,968,281.80 ✓	-
Boarding and school fund	9	145,440,245.43 ✓	53,981,516.60 ⁰³
TOTAL PAYMENTS		186,938,402.23	82,353,135.15
SURPLUS/DEFICIT		(7,554,732.13)	2,526,006.29

Arrears - Accrued

DEBITORS

The school financial statements were approved on 30th June 2023 and signed by:

Mr. DICKSON

Chairman, B.O.M.

Sign: [Signature]

Date: 30/9/2023

MARY NDOGU

School Principal/
Secretary to B.O.M.

PRINCIPAL
MOI FORCES ACADEMY-LANET
P.O. BOX 112
NAKURU

Sign: [Signature]

Date: 30/09/2023

OMOLO PHILIP

Bursar/
Finance Officer

Sign: [Signature]

Date: 30/9/2023

(Comparative FY refers to the financial year preceding the current financial year.)

STATEMENT OF ASSETS AND LIABILITIES AS AT 30th JUNE 2023

	Note	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE, 2022
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10	4,885,800.88	1,238,732
Cash Balances	11	33,099.37	810
Short term Investment	12	-	-
Total Cash and Cash Equivalents		4,918,900.25	1,239,542
Account's receivables			
	13	26,537,034.00	11,009,493
TOTAL FINANCIAL ASSETS		31,455,934.25	12,249,035
FINANCIAL LIABILITIES			
Accounts Payable			
	14	34,906,960.90	8,145,330
NET FINANCIAL SSETS		(3,451,026.65)	4,103,705
REPRESENTED BY			
Fund balance b/fwd 1st July...			
	15	4,103,705.48	1,577,699
Surplus/Defict for the year		(7,554,732.13)	2,526,006
NET FINANCIAL POSITION		(3,451,026.65)	4,103,705

The school's financial statements were approved on 30th June 2023 and signed by:

<p><u>LT GEN DIRECTOR</u> <u>MARY NJOGU</u></p> <p>Chairman, B.O.M.</p> <p>Sign: <u>[Signature]</u></p> <p>Date: <u>30/9/2023</u></p>	<p><u>SCHOOL PRINCIPAL</u> <u>OMOLO PHILIP</u></p> <p>School Principal/ Secretary B.O.M.</p> <p>MOI FORCES ACADEMY-LANET PO BOX 1238, NAKURU</p> <p>Sign: <u>[Signature]</u></p> <p>Date: <u>30/09/2023</u></p>	<p><u>BURSAR</u> <u>OMOLO PHILIP</u></p> <p>Bursar/ Finance Officer</p> <p>Sign: <u>[Signature]</u></p> <p>Date: <u>30/9/2023</u></p>
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Comparative FY refers to the financial year preceding the current Financial year.)

Date should be same.

Statement of Cash Flows for the Year Ended 30th June 2023

		1ST JULY 2022-30TH JUNE 2023	1ST JULY 2021-30TH JUNE,2022
		Kshs	Kshs
Receipts from operating activities			
Government grants for tuition	1	4,196,917.50	5,138,419.60
Government grants for operations	2	12,059,282.10	22,719,738.05
Government grants for infrastructure	3	12,782,945.00	0.00
School fund income-parents contribution/fees	4	177,029,996.50	60,462,574.74
Other income	5	76,160.00	2,202,109.00
Total receipts		206,145,301.10	90,522,841.39
PAYMENTS			
Cash outflows for tuition	6	6,901,032.00	5,660,330.00
Cash outflows for operations	7	15,628,843.00	22,711,288.55
Cash outflows for Boarding/ school fund payments	9	160,967,786.43	62,231,594.60
Total Payments		183,497,661.43	90,603,213.15
Net cash flow from operating activities		22,647,639.67	(80,371.76)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			0.00
Acquisition of Assets	8	(18,968,281.80)	0.00
Proceeds from investments		0.00	0.00
Net cash flows from Investing Activities		(18,968,281.80)	0.00
NET CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		3,679,357.87	(80,371.76)
Cash and cash equivalent at BEGINNING of the year		1,239,542.38	1,319,914.14
Cash and cash equivalent at END of the year		4,918,900.25	1,239,542.38

Note: Cash and Cash Equivalent is the summation of Note 10, 11 and 12.

(The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS.)

The school's financial statements were approved on 30th June 2023 and signed by:

LI WEN BICTARUS

MARY NJOGU

OMOLO PHILIP

Chairman, B.O.M.

School Principal/
Secretary, B.O.M.

Bursar/
Finance Officer

Sign: _____

Sign: _____

Sign: _____

Date: _____

Date: _____

Date: _____

(Handwritten signature and date 30/9/2023)

PRINCIPAL
MOI FORCES ACADEMY-LANET
P.O. BOX 1238,
NAKURU

(Handwritten signature)

(Handwritten signature)

30/9/2023

30/09/2023

30/9/2023

8. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
<i>(1) CAPITATION GRANT ON TUITION</i>						
Chalk	277,552.40		277,552.40	77,552.40	200,000.00	27.94%
Exercise books	855,516.80		855,516.80	555,516.80	300,000.00	64.93%
Laboratory equipment and apparatus	1,091,168.80		1,091,168.80	887,602.60	203,566.20	81.34%
Teaching/learning materials	2,300,000.00		2,300,000.00	2,292,423.70	7,576.30	99.67%
Library materials	123,804.00		123,804.00	0.00	123,804.00	0.00%
Internal exams	683,822.00		683,822.00	383,822.00	300,000.00	56.13%
Reference books	300,000.00		300,000.00	0.00	300,000.00	0.00%
Inter account transfers- Boarding	0.00		1.00	0.00	1.00	0.00%
Inter account transfers- Operations	0.00		1.00	0.00	1.00	0.00%
Sub totals	5,631,864.00		5,631,864.00	4,196,917.50	1,434,946.50	74.52%
			5,631,864			
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						
EWC	12,911,859.00		12,911,859.00	2,043,826.72	10,868,032.28	15.83%
LT&T	4,693,984.00		4,693,984.00	1,492,321.77	3,201,662.23	31.79%
RMI	9,513,000.00		9,513,000.00	0.00	9,513,000.00	0.00%
Personal emolument	15,938,400.00		15,938,400.00	5,053,555.50	10,884,844.50	31.71%
Admin cost	6,914,592.00		6,914,592.00	2,333,662.11	4,580,929.89	33.75%

Activity	3,122,982.00		3,122,982.00	890,902.00	2,232,080.00	28.53%
Medical and insurance	2,718,000.00		2,718,000.00	245,014.00	2,472,986.00	9.01%
Sub totals	55,812,817.00		55,812,817.00	55,812,817.00	55,812,817.00	100.00%
			55,813,417	12,059,282.00	43,754,134.90	
(3)FDSE FOR INFRASTRUCTURE						
Maintenance and Improvement	80,000,000.00		80,000,000.00	6,175,824.00	73,824,176.00	7.72%
Transition infrastructure Grants			0.00	0.00	0.00	
Administration block			0.00	0.00	0.00	
Economic stimulumus grants			0.00	0.00	0.00	
Others (NGCDF, County government)			0.00	0.00	0.00	
Sub total	80,000,000.00		80,000,000.00	6,175,824.00	73,824,176.00	7.72%
(4)FEES CHARGED ON PARENTS						
Boarding Equipment & Stores	41,293,230.00		41,293,230.00	67,976,153.00	(26,682,923.00)	164.62%
Inter Account transfers Operations			0.00	0.00	0.00	
Fee Arrears			0.00	0.00	0.00	
Maintenance & Improvement(infrast)	12,617,838.00		12,617,838.00	12,617,838.00	0.00	100.00%
Personal Emoluments	12,617,838.00		12,617,838.00	12,617,838.00	0.00	100.00%
LTT	4,806,178.00		4,806,178.00	4,806,178.00	0.00	100.00%
Activity			0.00		0.00	
EWC			0.00		0.00	
Admin costs			0.00		0.00	
Rent income			0.00		0.00	
Sub total	71,335,084.00	0.00	71,335,084.00	98,018,007.00	(26,682,923.00)	137.41%

(5) MISCELLANEOUS INCOME						
Rent income (operation 22410 + school fund 53750)	76,160.00		76,160.00	76,160.00	0.00	100.00%
Income from farming activities			0.00	0.00	0.00	
Insurance compensation			0.00	0.00	0.00	
Income from posho mill			0.00	0.00	0.00	
Income from bus hire			0.00	0.00	0.00	
Fee for hire of ground and equipment			0.00	0.00	0.00	
Income from grants and donations			0.00	0.00	0.00	
Interest income			0.00		0.00	
Loans/Borrowings			0.00		0.00	
SUB TOTAL	76,160.00		76,160.00		76,160.00	0.00%
GRAND TOTAL INCOME	212,855,925.00	0.00	212,855,925.00	108,390,748.50	104,465,176.50	50.92%
			212,856,527	120,526,190.60	92,330,336.40	
(1) EXPENDITURE FOR TUITION						
Reference materials	300,000.00		300,000.00	0.00	300,000.00	0.00%
Exercise books	855,516.80		855,516.80	0.00	855,516.80	0.00%
Laboratory equipments and apparatus	1,091,168.80		1,091,168.80	2,135,556.00	(1,044,387.20)	195.71%
Teaching/learning materials	2,300,000.00		2,300,000.00	3,652,336.00	(1,352,336.00)	158.80%
chalks	277,552.40		277,552.40	0.00	277,552.40	0.00%
Internal exams	633,822.00		633,822.00	1,112,900.00	(479,078.00)	175.59%
Inter account borrowing - Operations			0.00	0.00	0.00	
Bank charges	240.00		240.00	240.00	0.00	100.00%
Creditors			0.00	0.00	0.00	
Sub Totals	5,458,300.00	0.00	5,458,300.00	6,901,032.00	(1,442,732.00)	126.43%

PAYMENTS FOR OPERATIONS			0.00		0.00	
EWC	12,911,859.00		12,911,859.00	1,401,239.00	11,510,620.00	10.85%
LT & T	4,693,984.00		4,693,984.00	221,200.00	4,472,784.00	4.71%
RMI	9,513,000.00		9,513,000.00	1,556,390.00	7,956,610.00	16.36%
Personal emolument	15,938,400.00		15,938,400.00	7,895,851.00	8,042,549.00	49.54%
Admin cost	6,914,592.00		6,914,592.00	3,626,510.00	3,288,082.00	52.45%
Activity	3,122,982.00		3,122,982.00	211,800.00	2,911,182.00	6.78%
Medical and insurance	2,718,000.00		2,718,000.00	715,853.00	2,002,147.00	26.34%
Creditors			0.00	0.00	0.00	
NHIF			0.00	0.00	0.00	
Inter Account Borrowing-Lunch			0.00	0.00	0.00	
Bank charges			0.00	0.00	0.00	
Inter Account Borrowing-Lunch			0.00	0.00	0.00	
SUB TOTALS	55,812,817.00	0.00	55,812,817.00	15,628,843.00	40,183,974.00	28.00%
INFRASTRUCTURE PAYMENTS						
Construction of classrooms			0.00	0.00	0.00	
Construction of laboratory			0.00	0.00	0.00	
construction of Dining Hall	18,968,281.80		18,968,281.80	18,968,281.80	0.00	100.00%
Purchase of furniture			0.00	0.00	0.00	
Purchase of equipment			0.00	0.00	0.00	
Purchase of apparatus			0.00	0.00	0.00	
Drilling of boreholes			0.00	0.00	0.00	
SUBTOTALS	18,968,281.80	0.00	18,968,281.80	18,968,281.80	0.00	100.00%

BOARDING AND SCHOOL FUND PAYMENTS						
Activity	1,954,092.00	1,954,092.00	1,954,092.00	1,954,092.00	0.00	100.00%
Academic improvement (PA)	1,100,780.00	1,100,780.00	1,100,780.00	1,100,780.00	0.00	100.00%
Bus hire		0.00	0.00	0.00	0.00	
Farm expenses		0.00	0.00	0.00	0.00	
Bursary		0.00	0.00	0.00	0.00	
Inter-Account Borrowing- Operation	17,768,290.00	17,768,290.00	17,768,290.00	17,768,290.00	0.00	100.00%
Personnel emoluments	12,617,838.00	12,617,838.00	12,617,838.00	12,617,838.00	0.00	0.00%
Inter-Account Borrowing-Tuition	12,752,698.62	12,752,698.62	12,752,698.62	12,752,698.62	0.00	100.00%
Maintenance & Improvements	12,617,838.00	12,617,838.00	5,015,583.25	7,602,254.75		39.75%
Local transport & travelling	4,806,178.00	4,806,178.00	6,731,321.70	(1,925,143.70)		140.06%
Electricity Water & Conservancy	1.00	1.00	0.00	1.00		0.00%
Medical Expenses	11,225,876.86	11,225,876.86	11,225,876.86	0.00		100.00%
Administration costs	88,891,603.00	88,891,603.00	88,891,603.00	0.00		100.00%
Boarding Equipment and Stores	41,293,230.00	41,293,230.00	0.00	41,293,230.00		0.00%
Creditors		0.00	0.00	0.00		
Creditors		0.00	0.00	0.00		
Uniform Account		0.00	0.00	0.00		
NHIF		0.00	0.00	0.00		
Acquisition of Asset		0.00	0.00	0.00		
NSSF		0.00	0.00	0.00		
SUBTOTALS	205,028,425.48	205,028,425.48	145,440,245.43	59,588,180.05	✓	70.94%
GRAND TOTAL	285,267,824.28	285,267,824.28	186,938,402.23	98,329,422.05	✓	65.53%

/Comments on significant under- utilization and over-Utilization on vote heads

- Underutilization of vote heads was caused by in adequate funds.
- Overutilization of vote heads occurred due to significant increase in prices of items

9. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

The school recognises all receipts from 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. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of

MOI FORCES ACADEMY-LANET

Annual Report and Financial Statements for the year ended 30th June 2023

changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

5. **Accounts Receivable**

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

6. **Accounts Payable**

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

7. **Non-current assets**

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

8. **Budget**

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

9. **Comparative figures**

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

10. **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2023.

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10. Notes To The Financial Statements

1 Government Grants for Tuition

	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
	KSH	KSH
Chalk	77,552.40	105,559.00
Exercise books	555,516.80	
Laboratory equipment and apparatus	887,602.60	1,213,939.00
Teaching/learning materials	2,292,423.70	3,080,002.60
Internal exams	383,822.00	527,799.00
Reference books		211,120.00
Total	4,196,917.50	5,138,419.60

2 Government Grants for Operations

	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
	KSH	KSH
EWC	2,043,826.72	4,299,254.00
LT &T	1,492,321.77	1,613,208.90
RMI	-	8,927,631.40
Personal emolument	5,053,555.50	5,241,155.40
Admin cost	2,333,662.11	2,290,488.35
Activity	890,902.00	
Medical and insurance	245,014.00	310,200.00
Total	12,059,282.10	22,719,738.05

3 Government Grants for infrastructure

	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
	KSH	KSH
Maintenance and Improvement	6,175,824.00	
Dev fund collection	6,607,121.00	
Total	12,782,945.00	

MOI FORCES ACADEMY-LANETAnnual Report and Financial Statements for the year ended 30th June 2023**4 School Fund Income - Parents Contribution/Fees**

	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
	KSH	KSH
Boarding Equipment & Stores	67,976,153.00	32,219,181.79
Maintenance & Improvement(infrast)	28,160,667.00	2,268,675.00
Personal Emoluments	12,617,838.00	5,195,696.00
LTT	4,806,178.00	2,174,626.00
Activity	7,244,485.00	1,720,591.00
EWC	12,955,849.00	7,760,920.00
Admin costs	14,469,515.50	3,479,185.00
Academic improvements(PA)	2,037,680.00	
Total	150,268,365.50	54,818,874.79

5 Miscellaneous Incomes

	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
Rent income (operation 22410 +school fund 53750)	76,160.00	48,550.00
Income from farming activities		2,153,559.00
TOTAL	76,160.00	2,202,109.00

6. Tuition

	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021-30TH JUNE,2022
	KSH	KSH
Reference materials		255,122.00
Laboratory equipments and apparatus	2,135,556.00	1,257,960.00
Teaching/learning materials	3,652,336.00	3,621,888.00
chalks		105,000.00
Internal exams	1,112,900.00	420,000.00
Bank charges	240.00	360.00
TOTAL	6,901,032.00	5,660,330.00

Notes to the Financial Statements (continued)

MOI FORCES ACADEMY-LANET
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6 OPERATIONS

	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
	KSH	KSH
EWC	1,401,239.00	1,251,422.00
LT & T	221,200.00	996,706.00
RMI	1,556,390.00	97,960.00
Personal emolument	7,895,851.00	7,751,868.60
Admin cost	3,626,510.00	1,571,517.95
Activity	211,800.00	1,245,240.00
Medical and insurance	715,853.00	
infrastructure/MI		6,994,500.00
Acquisition of Asset		2,802,074.00
TOTAL	15,628,843.00	22,711,288.55

7. INFRASTRUCTURE

	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
construction of Dining Hall	18,968,281.80	
Total	18,968,281.80	

Notes to the Financial Statements (continued)

MOI FORCES ACADEMY-LANET

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7 Boarding And School Fund

	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
Activity	1,954,092.00	439,877.00
Academic improvement (PA)	1,100,780.00	
Bus hire		
Farm expenses		
Bursary		
Inter-Account Borrowing-Operation		
Personnel emoluments	17,768,290.00	6,830,340.00
Inter-Account Borrowing-Tuition		
Maintenance & Improvements	12,752,698.62	159,750.00
Local transport & travelling	5,015,583.25	2,314,653.00
Electricity Water & Conservancy	6,731,321.70	1,871,300.00
Medical Expenses		148,034.00
Administration costs	11,225,876.86	2,221,970.00
Boarding Equipment and Stores	88,891,603.00	32,047,852.70
Expenses on income generating activity		54,500.00
Acquisition of Asset		7,893,239.90
TOTAL	145,440,245.43	53,981,516.60

Notes to the Financial Statements (continued)

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	01025021045700	41,503.65	44,953.15
Operations Account	Active	01025021174700	174,663.75	58,936.65
School Fund Account/Boarding	Active	01021019914400	2,035,023.30	832,748.60
Parent Association Development Account	Active	01242019914502	190,637.98	71,767.98
Infrastructural Account	Active	01022225593200	2,443,972.20	230,326.00
Total			4,885,800.88	1,238,732.38

11 Cash In Hand

Description	1ST JULY 2022-30TH JUNE 2023	1ST JULY 2021-30TH JUNE 2022

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	Kshs	Kshs
Notes and Coins	33,099.37	810.00
Total	33,099.37	810

12 Short Term Investments

Description	1ST JULY 2022-30TH JUNE 2023	1ST JULY 2021-30TH JUNE, 2022
	Kshs	Kshs
Cooperative Shares		
Treasury Bills		
Fixed Deposit accounts		
Other Investments		
Total		

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Notes to the Financial Statements (continued)

13 Accounts Receivable

Description	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
Fees arrears	KSH	KSH
Other Non-Fees Receivables	25,871,868.00	11,009,493.00
Imprest(list/schedule attached)	665,166.00	
Total	26,537,034.00	11,009,493.00

13 b Ageing Analysis of Accounts Receivable

Description	1ST JULY 2022- 30TH JUNE 2023	% of the total	1ST JULY 2021-30TH JUNE,2022	% of the total
	KSH		KSH	
Less than 1 year	22,210,606.00	86%	8,250,078.00	75%
Between 1-2 years	3,661,262.00	14%	507,651.00	5%
Between 2-3 years			2,251,764.00	20%
Total	25,871,868.00	100%	11,009,493.00	100%

14 Accounts Payable

Description	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
	KSH	KSH
Trade Creditors (See Ageing Below and Appendix 1)	24,720,378.90	8,145,329.90
Prepaid Fees	4,733,447	
Other payables (Direct Credit)	5,453,135	
Total	34,906,960.90	8,145,329.90

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Notes to the Financial Statements (continued)

14a. Ageing Analysis of Accounts Payable

Description	1ST JULY 2022-30TH JUNE 2023		1ST JULY 2021-30TH JUNE,2022	
	KSH		KSH	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	16,575,049.00	67%	8,145,329.90	100%
Between 1- 2 years	8,145,329.90	33%	-	
Between 2-3 years				
Over 3 years				
Total (should tie to note 14)	24,720,378.90	100%	8,145,329.90	100%

15 Fund Balance Brought Forward

Description	1ST JULY 2022-30TH JUNE 2023	1ST JULY 2021-30TH JUNE,2022
	KSH	KSH
Bank balances	1,238,732.38	1,319,914.14
Cash balances	810.00	
Receivables	11,009,493.00	2,759,415.00
Payables	(8,145,329.90)	(2,501,629.95)
Total	4,103,705.48	1,577,699.19

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Other important disclosure notes

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

16 Non-current Liabilities Summary

Description	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
	KSH	KSH
Bank Loans	Na	
Outstanding Leases	Na	
Hire Purchase	Na	
Gratuity And Leave Provision	Na	
Others (specify)	Na	
Total		

17 Biological assets

Description	Numbers	1ST JULY 2022- 30TH JUNE 2023	1ST JULY 2021- 30TH JUNE,2022
		Kshs	Kshs
Cattle	8	720,000	
Goats	Na		
Trees	3000		
Coffee Or Tea Plantation	NA		
Poultry	NA		
Total		720,000	

18 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year	NA	
Borrowings during the year	NA	
Repayments during the year	NA	
Balance at the end of the year		

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Other important disclosure notes

19 Stock/ Inventory

Description	1ST JULY 2022-30TH JUNE 2023	1ST JULY 2021-30TH JUNE,2022
	KSH	KSH
Food stuffs		
Lab consumables		
Farm produce		
Medication		
Construction Materials		

20 Progress On Follow Up of Auditor Recommendations

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

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Receipt and payments not posted in the ledger		Resolution in In Progress	
2	Payments to KESSHA of co-curriculum funds			
3	Outstanding Account Receivable and payable		Resolution in In Progress	

PRINCIPAL
MOI FORCES ACADEMY LANET
P.O. BOX 10091 NAKURU
2023
Sign and Date
Principal

MOI FORCES ACADEMY-LANET

Annual Report and Financial Statements for the year ended 30th June 2023

11. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.						
2.						
Sub-Total						
Supply Of Goods						
3. Paul Muchina	224,000.00	1/7/2022		224,000.00		
4. Beck Grain Millers	994,000.00	1/7/2022		994,000.00		
5. Jenny Destiny Cerials & Enterprises	596,640.00	1/7/2022		596,640.00		
6. DPL Festive Ltd	2,898,984.00	1/7/2022		2,898,984.00		
7. Chamaka General Suppliers	229,380.00	1/7/2022		229,380.00		
8. Samwel m. Kungu	74,080.00	1/7/2022		74,080.00		
9. Jane Wangeci Gakuo	664,140.00	1/7/2022		664,140.00		
10. Jamu Enterprises Ltd	2,207,530.00	1/7/2022		2,207,530.00		
11. Elizabeth Nyambura	137,500.00	1/7/2022		137,500.00		
12. Sideway Welding & Fabricators	1,272,000.00	1/7/2022		1,272,000.00		
13. Arlington Limited	1,684,440.00	1/7/2022		1,684,440.00		
14. Scholastica Wacuka Wangundu	167,000.00	1/7/2022		167,000.00		
15. Rentokil Initial	21,655.00	1/7/2022		21,655.00		
16. Mascom Technologies Centre	1,874,150.00	1/7/2022		1,874,150.00		
17. Norvec Agencies	119,000.00	1/7/2022		119,000.00		
18. General Biological Supply Ltd	199,140.00	1/7/2022		199,140.00		
19. Bookflyer precise Publishers	971,100.00	1/7/2022		971,100.00		
20. City & press Publishers	24,000.00	1/7/2022		24,000.00		

MOI FORCES ACADEMY-LANET

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Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
21. Salga Holding Ltd	584,800.00	1/7/2022		584,800.00		
22. Sankins Enterprise	425,415.00	1/7/2022		425,415.00		
23. Jambo Uhuru Timberyard	131,900.00	1/7/2022		131,900.00		
24. Lilisam Sport	211,800.00	1/7/2022		211,800.00		
25. Tagi Investment Ltd	374,820.00	1/7/2022		374,820.00		
26. Elim Central Pharmacy	100,925.00	1/7/2022		100,925.00		
27. Imperial Africanas Kenya	386,650	1/7/2022		386,650		
Sub-Total	16,575,049			16,575,049		
Supply Of Services						
28.						
Sub-Total						
Grand Total	16,575,049			16,575,049		

Annex 2 – Summary of Fixed Assets Register

Asset Class	QUANTITY	Historical Cost b/f (Kshs) 1 st July 20XX	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost of (Kshs) 30 th June 20XX
Land	76HA				
Buildings And Structures	31				
Motor Vehicles	2				
Textbooks	38645				
ICT Equipment	64 Computers / 6 printers				
Intangible Assets- Soft Ware	1				
Total					