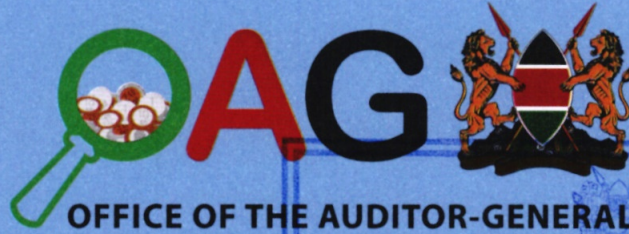


REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

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**REPORT**

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FINLAY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**HOBUNAKA BOYS SECONDARY SCHOOL**

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

**VIHIGA COUNTY**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30684 - 00100, NAIROBI  
REGISTRY

Revised 30<sup>th</sup> June 2023.

08 JUL 2024

RECEIVED



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**HOBUNAKA BOYS SECONDARY SCHOOL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2023**

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**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



## 2. Key School Information and Management

### (a) Background information

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

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

The school is a day/boarding school and had 1,117 number of students as at 30<sup>th</sup> June 2023. It has 6 streams and 45 teachers of which 18 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. Ainea Okwemba	Chairman	28/02/2023
2	Mr. Fredrick Mushira	Secretary - Principal	28/02/2023
3	Mr. Fanuel Omuyoma	Member	28/02/2023
4	Mrs. Flora Shisia	Member	28/02/2023
5	Mr. Elijah Akunda	Member	28/02/2023
6	Mr. Laban Akula	Member	28/02/2023
7	Mr. Fanuel Omuyoma	Member	28/02/2023
8	Mr. Laba Akula	Member – Rep CEB	28/02/2023
9	Mrs. Phelisters Awinja	Member Rep Teachers	28/02/2023
10	i. Ainea Okwemba ii. Fanuel Omuyoma iii. Evans Chibinda	3 Members - Sponsor	28/02/2023
11	Mr. Zadock Ateko	Member - Community	28/02/2023
12	Mrs. Truphena Okwemba	Member Special Needs	28/02/2023
13	Mr. Lawi Otiato	Rep Students	28/02/2023



*Hobunaka Boys Secondary School*

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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**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
1	Executive Committee	1.Mr. Ainea Okwemba 2.Mr. Fredrick Mushira 3. Mr. Okech Olenja 4. Mr. Fanuel Omuyoma 5. Mrs. Beatrice Muhonja	Chairman Member Member Member Member	2 out of 2 2 out of 2 2 out of 2 2 out of 2 2 out of 2
2	Audit Committee	1.Mr. Fanuel Omuyoma 2.Zadock Ateko 3. Mrs. Truphena Okwemba 4. Mr. Evans Chibinda	Chairman Member Member Member	2 out of 2 2 out of 2 2 out of 2 2 out of 2
3	Finance,procurement and general purposes Committee	1.Mr. Fanuel Omuyoma 2.Zadock Ateko 3. Mrs. Truphena Okwemba 4. Mr. Evans Chibinda	Chairman Member Member Member	2 out of 2 2 out of 2 2 out of 2 2 out of 2
4	Academic Committee	1.Mr. Evans Chibinda 2.Mr. Obed Okech	Chairman Member	2 out of 2 2 out of 2

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
		3.Mr. Elijah Akunda 4.Mr. Fredrick Mushira 5.Mr. Maurice Obong'o	Member Member Member	2 out of 2 2 out of 2 2 out of 2
5	Development Committee	1. Mr. Laban Akula 2.Mr. Ainea Okwemba 3.Mr. Obed Okech 4.Mrs. Flora Shisia 5. Mr. Fredrick Mushira	Chairman Member Member Member Member	2 out of 2 2 out of 2 2 out of 2 2 out of 2 2 out of 2
6	Discipline and welfare Committee	1.Mr. Obed Okech 2.Mrs. Nolega Mare 3. Mrs. Elizabeth Opinyi 4. Mr. Laban Akula 5. Mr. Bonface Shikolo	Member Member Member Member Member	2 out of 2 2 out of 2 2 out of 2 2 out of 2 2 out of 2

**(d) School operation Management**

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

Ref:	Designation	Name	Identification
1	Principal	Mr. Fredrick Mushira	TSC No.335956
2	Deputy Principal	Mr. Bonface Shikoli	TSC No. 380136
3	School Bursar	Ms. Iscah Achieng	ICPAK No.
4	Other (specify)		

**(e) Schools contacts**

Post Office Box: 183, Emuhaya  
 Telephone: 0706 469878  
 E-mail: [hobunakaboyssch@yahoo.com](mailto:hobunakaboyssch@yahoo.com)



**(f) School Bankers**

Provide details of the school bankers.

Name of Bank: Kenya Commercial Bank  
Branch: Luanda  
Account Number: 1104118661

Name of Bank: Kenya Commercial Bank  
Branch: Luanda  
Account Number: 1103840207

Name of Bank: Kenya Commercial Bank  
Branch: Luanda  
Account Number: 1108257429

Name of Bank: Kenya Commercial Bank  
Branch: Luanda  
Account Number: 1119383358

**(g) Independent Auditors**

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

### 3. Summary Report of Performance of The School

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

#### a) Financial performance:

S/No.	Performance areas	2022/2023	2021/2022	June 2021
1.	Surplus/Deficit	2,040,766.65	6,851,236.85	1,294,496.00
2.	Capitation grants	15,180,810.40	17,622,074.40	8,985,041.55
3.	Ration of capitation	13,590.70	16,546.55	8,887.28
4.	Growth of income	35,715,163.00	44,036,306.00	13,669,807.00
5.	Growth of expenditure	53,253,056.75	54,807,143.55	21,360,807.00
6.	Debtors	50,727,315.00	40,120,694.00	26,029,582.00
7.	Creditors	29,231,268.00	18,412,383.00	12,416,068.00
8.	Cash & Bank balances	2,066,018.20	(187,012.45)	1,056,547.70

#### b) Teacher Student ratio

Teacher student ratio = 1:40

Number of teachers recruited and posted during the year = 4

Number of teachers transferred during the year = 2

Number of retired teachers during the year = 0

Number of teachers employed by TSC = 27

Number of teachers employed by BOM = 18

#### c) Mean score in the 2023KCSE:

NO OF CANDIDATES	YEAR	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG
243	2023	0	0	3	4	8	10	17	33	43	56	58	10	3.86
224	2022	0	0	0	1	2	12	11	50	77	55	14	0	4.1712
179	2021	1	0	0	0	7	15	23	41	36	34	20	2	4.4494



d) Number of Candidates in the 2023 KCSE:

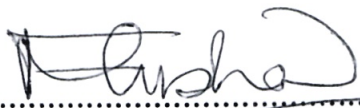
NO OF CANDIDATES	YEAR														
243	2023	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG	
		0	0	3	4	8	10	17	33	43	56	58	10	3.86	
224	2022	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG	
		0	0	0	1	2	12	11	50	77	55	14	0	4.1712	
179	2021	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG	
		1	0	0	0	7	15	23	41	36	34	20	2	4.4494	

Capacity of the school:

- No. of students = 1,117
- No. of dormitories = 3
- No. of dining halls = 1
- No. of laboratories = 3
- No. of toilets = 42

e. Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
16No. Modern Bathroom	MOE	Ongoing	1,563,018.00	939,110.00	May 2024



School Principal

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

*Hobunaka Boys Secondary School*  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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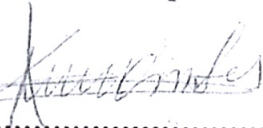
**4. Statement of School Management Responsibility**

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30<sup>th</sup> June, 2023 and of the school's financial position as at that date.



.....  
**Name: Mr. Ainea Okwemba**

**Designation: Chairman, School Board of Management**

**Date:**



.....  
**Name: Mr. Fredrick Mushira**

**Designation: School Principal & Secretary to Board of Management**

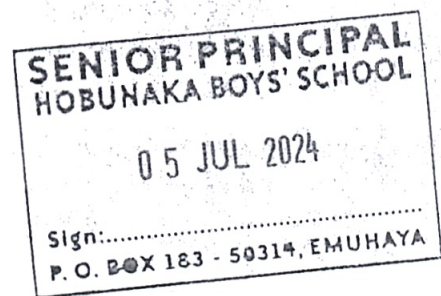
**Date:**



.....  
**Name: Ms. Iscah Achieng**

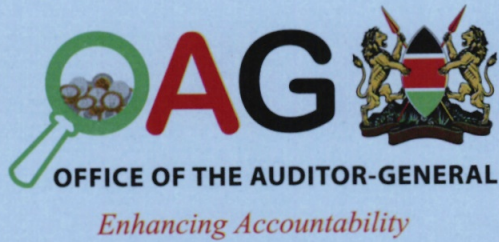
**Designation: Bursar/ Finance Officer**

**Date: 5/7/24**





# REPUBLIC OF KENYA



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

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

## REPORT OF THE AUDITOR-GENERAL ON HOBUNAKA BOYS HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – VIHIGA 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, the Public Finance Management Act, 2021 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Hobunaka Boys High School – Vihiga County set out on pages 1 to 19, 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 and the statement of budgeted versus actual amounts for the year then ended,

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*Report of the Auditor General on Hobunaka Boys High School for the year ended 30 June, 2023 – Vihiga County*



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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Hobunaka Boys High School - Vihiga County as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Unsupported School Fund Income- Parents Contributions**

The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.35,384,663 in respect of school fund income-parents' contributions. However, the amount was not supported by detailed lists or schedules indicating names of student and amount paid.

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

### **2. Unsupported Payments**

The statement of receipts and payments reflects total expenditure of Kshs.53,253,057 in respect of tuition, operations, infrastructure, and boarding and school fund payments. However, the expenditure was not supported by detailed lists or schedules to indicating payee, date of payment, purpose of payment and amount paid.

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

### **2. Inaccuracies in the Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects a cash and cash equivalents balance of Kshs.2,066,018 as disclosed in Note 9 and 10 to the financial statements. Review of the cash and cash equivalents revealed that the School did not provide cash book, bank statements, bank reconciliations statements and bank confirmation certificates for the investment account. The account numbers for the School's six (6) bank accounts were not disclosed in Note 9 to the financial statements.

Further, included in the bank balance of Kshs.2,028,637 is an overdrawn school fund bank account with a negative balance of Kshs.80,760 which had been offset from accounts with positive balances. This was contrary to Paragraph 1.3.20 of the International Public Sector Accounting Standards on requirements for reporting of cash receipts, payments and balances on a gross basis which provides that assets and liabilities, receipts and payments shall not be offset unless required or permitted by the Accounting Standards.



In addition, the financial statements reflects an amount of Kshs.37,381 in respect of cash in hand. However, the amount was not supported by a Board of Cash Survey Report. Further, the statement of cash flows reflects acquisition of assets of Kshs.2,593,341. However, Annex 2 to the financial statements on summary of fixed assets indicates that there were no additional assets during the year.

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

#### **4. Unsupported and Long Outstanding Accounts Payable**

The statement of financial assets and financial liabilities and as disclosed in Note 12 to the financial statements reflects accounts payable balance of Kshs.29,231,268 in respect of trade creditors and workers welfare. Included in this balances is an amount of Kshs.28,833,304 was not supported by creditors ledger, invoices, delivery notes, local purchase orders (LPO) issues and receipts vouchers. However, payables amounting to Kshs.17,000,469 or 58% of the total accounts payable was outstanding for a period of over one (1) year.

Further, annex 1 to the financial statement reflect reflects accounts payables balance of Kshs.12,805,230 while Note 12 to the financial statements showed a balance of Kshs.29,231,268 resulting to unexplained variance of Kshs.16,426,038.

In the circumstances, accuracy and completeness of the accounts payables balance of Kshs.29,231,268 could not be confirmed.

#### **5. Long Outstanding Accounts Receivables**

The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflects accounts receivables balance of Kshs.50,727,317. However, receivable balance in respect of the fees arrears amounting to Kshs.38,197,756 or 75% of the accounts receivables was outstanding for a period of over one (1) year. The recoverability of the accounts receivables is doubtful.

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

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of budgeted versus actual amounts reflects final receipts budget and actual on comparable basis of Kshs.38,834,500 and Kshs.55,293,823 respectively, resulting to over-funding of Kshs.16,459,323 or 42% of the budget. However, the School



spent amount of Kshs.53,253,057 against actual receipts of Kshs.55,293,823 resulting to an under-utilization of Kshs.2,040,766 or 4% of the actual receipts.

The source of the over-funding was not explained and the under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2023.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statements**

During the year under review, the School Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2023. The financial statements were submitted on 31 May, 2024 which was eight (8) months after statutory deadline. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. Late submission of financial statements adversely affects the Office of the Auditor-General in meeting the statutory timelines.

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

#### **2. Non-Compliance with the Public Sector Accounting Standards**

Review of the financial statements revealed that the Annex 1 to the financial statements on analysis of pending accounts payables did not show contract date and outstanding



balance on the comparative column as required by the reporting template as issued by the Public Sector Accounting Standards Board, PSASB.

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

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

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

The statement of receipts and payments reflects government grants for operations balance of Kshs.16,793,487. Included in the amount is Kshs.5,012,000 relating to infrastructure grants. This amount was supposed to be transferred to infrastructure account within fifteen (15) working days but only an amount of Kshs.3,700,000 was transferred leaving a balance of Kshs.1,312,000. This is contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directs that infrastructure grants as well as maintenance and improvement funds be transferred to the school infrastructure account fifteen days upon receipt of the funds in the operations account.

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

### **4. Transfer of Funds to Kenya Secondary Schools Heads Association**

During the year under, the School transferred an amount of Kshs.516,400 to Kenya Secondary Schools Heads Association (KESSHA) to support the association activities. However, KESSHA is a welfare organization that draws its membership from school Principals only. The organization is not defined in Government Funding System and there is no assurance that it has implemented effective, efficient and transparent financial management and internal control systems to manage the funds transferred by the Schools.

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

### **5. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015**

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

Further, goods received and issued were not supported by counter requisition and issue voucher. This is contrary to provisions of Regulation 168 of the Public Procurement and



Asset Disposal Regulations, 2020 which states that an Accounting Officer of a procuring entity shall ensure proper management and distribution of inventory, stores and assets by ensuring that they are received and taken on charge.

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

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

## 6. Failure to Prepare School Improvement Plan

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

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

## 7. Failure to Reconcile Student Enrolment Data

Review of student's records provided for audit revealed unexplained variance in student numbers between National Education Management Information System and School registers resulting to tuition fees under disbursement on both capitation grants for tuition and operation fees of Kshs.787,358 as analyzed below:

Months	No. of students per NEMIS	No. of students as per register	Capitation grant per student (Kshs)	Total expected capitation per school register (Kshs)	Actual capitation received (Kshs)	Capitation not Received (Kshs)
25 July 2022	1,012	1,117	796	889,411	805,805	83,606
03 Oct. 2022	1,015	1,117	896	1,001,112	909,694	91,418
25 July 2022	1,012	1,117	2,806	3,134,849	2,840,168	294,681
3 Oct. 2022	1,015	1,117	3,114	3,478,607	3,160,954	317,653
<b>Total</b>		<b>4,468</b>		<b>8,503,979</b>	<b>7,716,621</b>	<b>787,358</b>

Management explained that the difference was due non-registration of students in the National Education Management Information System register due to lack of birth



certificates. This was contrary to the Ministry of Education Circular No.MOE.HQ/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners to be registered in NEMIS and the principals to ensure their records are accurate.

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

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Imprest Register**

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

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

#### **2. Lack of Updated Fixed Assets Register**

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

In the circumstances, the effectiveness of the internal control on management of fixed assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance



were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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



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

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

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


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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

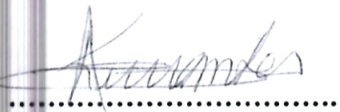
18 September, 2024



6. Statement of Receipts and Payments For the Year Ended 30<sup>th</sup> June 2023

Description of Vote Head	Note	2023	2022
		Kshs	Kshs
<b>Receipts</b>			
Government grants for tuition	1	2,785,123	3,233,730
Government grants for operations	2	16,793,487	14,388,344
School fund income- parents' contributions	3	35,384,663	43,827,306
School fund income- other receipts	4	330,550	209,000
<b>Total Receipts</b>		<b>55,293,823</b>	<b>61,658,380</b>
<b>Payments</b>			
Tuition	5	6,140,976	6,193,731
Operations	6	13,286,166	11,679,984
Infrastructure	7	2,593,341	4,803,150
Boarding and school fund	8	31,232,574	32,130,278
<b>Total Payments</b>		<b>53,253,057</b>	<b>54,807,144</b>
<b>Surplus/Deficit</b>		<b>2,040,767</b>	<b>6,851,237</b>

The school financial statements were approved on 5/7/24 2023 and signed by:



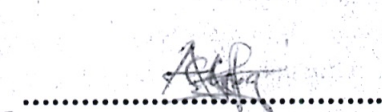
Name: Mr. Ainea Okwemba  
Chair BOM

Date:



Name: Mr. Fredrick Mushira  
School Principal/ Secretary to BOM

Date:



Name: Ms. Iscah Achieng  
Bursar/ Finance Officer


Date: 5/7/24

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

7. Statement of Assets and Liabilities as at 30<sup>th</sup> June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	9	2,028,637	(213,603)
Cash balances	10	37,381	26,591
<b>Total cash and cash equivalent</b>		<b>2,066,018</b>	<b>(187,012)</b>
Account's receivables	11	50,727,317	40,120,694
<b>Total financial assets</b>		<b>52,793,333</b>	<b>39,933,681</b>
<b>Financial liabilities</b>			
Accounts payables	12	29,231,268	18,412,383
<b>Net financial assets</b>		<b>23,562,065</b>	<b>21,521,298</b>
<b>Represented by</b>			
Accumulated fund b/fwd	13	21,521,299	14,670,062
Surplus/deficit for the year		2,040,767	6,851,237
<b>Net financial position</b>		<b>23,562,066</b>	<b>21,521,299</b>

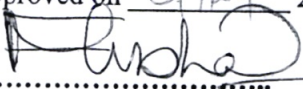
The school's financial statements were approved on 5/7/24 2023 and signed by:



Name: Mr. Ainea Okwemba

Chair BOM

Date:



Name: Mr. Fredrick Mushira  
School Principal/ Secretary to  
BOM

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



Name: Ms. Iscah Achieng

Bursar/ Finance Officer

Date: 5/7/24



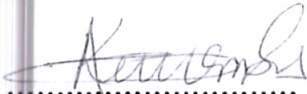
Hobunaka Boys Secondary School

Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023

8. Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2023

Description	2023	2022
	Kshs	Kshs
<b>Cash from Operating Activities</b>		
<b>Receipts</b>		
Government grants for tuition	2,785,123	3,233,730
Government grants for operations	16,793,537	14,388,344
School fund income- parents contributions/ fees	24,778,042	29,779,870
Other receipts	330,500	209,000
<b>Total receipts</b>	<b>44,687,202</b>	<b>47,610,944</b>
<b>Payments</b>		
Cash outflows for tuition	2,745,556	4,482,051
Cash outflows for operations	12,119,691	7,388,393
Cash outflows Boarding/lunch and school fund payments	24,975,584	32,180,911
<b>Total payments</b>	<b>39,840,831</b>	<b>44,051,355</b>
<b>Net cash inflow/outflow from operating activities</b>	<b>4,846,372</b>	<b>3,559,590</b>
<b>Cash flow from investing activities</b>		
Acquisition of assets	2,593,341	4,803,150
<b>Net cash inflow/outflows from investing activities</b>	<b>(2,593,341)</b>	<b>(4,803,150)</b>
<b>Cashflow from Financing activities</b>		
Proceeds from borrowings/ loans	-	-
<b>Net cash inflow/outflow from financing activities</b>		
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2,253,031</b>	<b>(1,243,560)</b>
Cash and cash equivalent at beginning of the FY	(187,012)	1,056,548
<b>Cash and cash equivalent at end of the FY</b>	<b>2,066,018</b>	<b>(187,012)</b>

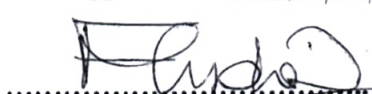
The school's financial statements were approved on 5/7/24 2023 and signed by:



Name: Mr. Ainea Okwemba

Chair BOM

Date:



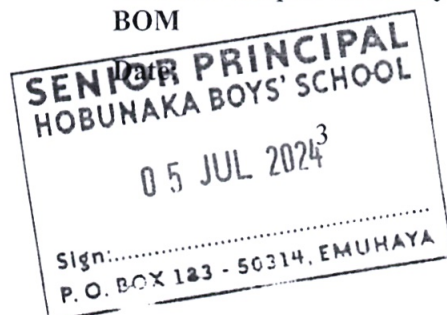
Name: Mr. Fredrick Mushira  
School Principal/ Secretary to  
BOM



Name: Ms. Iscah Achieng

Bursar/ Finance Officer

Date: 5/7/24





Hobunaka Boys Secondary School  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023

9. Statement of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Budget Utilization Difference	% Of Utilization
	A	b	c=a+b	D	e=c-d	e=d/c %
	Kshs	Kshs	Kshs	Kshs		Kshs
<b>Receipts</b>						
<b>(1) Capitation Grant on Tuition</b>						
Teaching / Learning Materials	4,144,000		4,144,000	2,785,123	1,358,877	67%
<b>(2) Capitation Grant on Operations</b>						
Personnel Emoluments	3,390,900	0	3,390,900	7,399,838	(4,008,938)	218%
Repairs And Maintenance				4,214,000	(4,214,000)	0%
Local Transport / Travelling	1,455,000	0	1,455,000	0	1,455,000	0%
Electricity And Water	2,250,000	0	2,250,000	0	2,250,000	0%
Medical	2,000,000	0	2,000,000	203,200	1,796,800	10%
Activity	0	0	0	576,650	(576,650)	0%
<b>(8) Capitation For infrastructure</b>						
Repairs, Maintenance & Improvements	5,090,000	0	5,090,000	4,397,850	692,150	86%
<b>(4) Fees Charged on Parents</b>						
Personnel Emoluments	1,905,600		1,905,600	1,498,800	406,800	79%
Repairs And Maintenance	960,000		960,000	572,000	388,000	60%



Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Budget Utilization Difference	% Of Utilization
	A	b	c=a+b	D	e=c-d	e=d/c %
	Kshs	Kshs	Kshs	Kshs		Kshs
Local Transport / Travelling	432,000		432,000	620,100	(188,100)	144%
Electricity And Water	1,440,000		1,440,000	1,340,950	99,050	93%
Administration Costs	1,728,000		1,728,000	1,471,000	257,000	85%
Activity	240,000		240,000	141,100	98,900	59%
Fee On Boarding Equipment and Stores	13,799,000		13,799,000	29,740,713	(15,941,713)	216%
<b>5) Other Income</b>						
Rent income				7,000	(7,000)	0%
Tender				288,500	(288,500)	0%
Income From Bus Hire				35,000	(35,000)	0%
<b>Total Income</b>	<b>38,834,500</b>		<b>38,834,500</b>	<b>55,293,823</b>	<b>(16,459,323)</b>	<b>142%</b>
<b>(6) Expenditure For Tuition</b>						
Reference Materials				3,604,770	(3,604,770)	0%
Exercise Books	1,080,000		1,080,000	630,000	450,000	58%
Laboratory Equipment	700,000		700,000	260,760	439,240	37%
Internal Exams	160,000		160,000	746,500	-586,500	467%
Teaching / Learning Materials	1,470,500		1,470,500		1,470,500	0%
Bank Charges				3,936	(3,936)	0%
<b>(7) Expenditure For Operations</b>						



Hobunaka Boys Secondary School  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Budget Utilization Difference	% Of Utilization
	A	b	c=a+b	D	e=c-d	e=d/c %
	Kshs	Kshs	Kshs	Kshs		Kshs
				8,293,062	(7,293,062)	829%
Personnel Emoluments	1,000,000		1,000,000		792,800	
Repairs, Maintenance & Improvements	1,000,000		1,000,000	207,200		21%
Local Transport / Travelling	2,750,000		2,750,000	498,442	2,251,558	18%
Electricity, Water and Conservancy				817,771	(817,771)	0%
Medical				51,465	(51,465)	0%
Administration Costs	2,418,500		2,418,500	2,543,100	(124,600)	105%
Activity Expenses				865,150	(865,150)	0%
Bank charges				9,976	-9,976	0%
<b>(8) Expenditure For infrastructure</b>						
Repairs, Maintenance & Improvements	5,900,000	0	5,900,000	2,593,341	3,306,659	44%
<b>(9) Expenditure For school fund/lunch/boarding</b>						
Personnel Emoluments	799,000		799,000	5,018,170	(4,219,170)	628%
Repairs, Maintenance and Improvements				1,427,595	(1,427,595)	0%
Local Transport / Travelling				873,303	(873,303)	0%
Electricity, Water and Conservancy	2,200,000		2,200,000	983,185	1,216,815	45%
Administration Costs				1,762,538	(1,762,538)	0%
Activity	1,725,000		1,725,000		1,725,000	0%
Boarding Equipment and Stores	16,631,500		16,631,500	19,989,779	(3,358,279)	120%



Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Budget Utilization Difference	% Of Utilization
	A	b	c=a+b	D	e=c-d	e-d/c %
	Kshs	Kshs	Kshs	Kshs		Kshs
Expenditure For Income Generating Activity				549,950	(549,950)	0
Bus Hire expense	1,000,000		1,000,000	612,694	387,306	61%
Bank Charges				15,359	(15,359)	0%
<b>Totals</b>	<b>38,834,500</b>		<b>38,834,500</b>	<b>53,253,057</b>	<b>(14,418,557)</b>	<b>137%</b>

## **10. Significant Accounting Policies**

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

### **1. Statement of compliance and basis of preparation**

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

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

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

### **2. Recognition of receipts and payments**

The school recognises all receipts from 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



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 30<sup>th</sup> June 2023.



**11. Notes to The Financial Statements**

**1 Government Grants for Tuition**

Description	2022/2023	2021/2022
	Kshs	Kshs
Reference Materials	-	82,890
Exercise Books	-	240,000
Laboratory Equipment	-	155,000
Internal Exams	-	150,000
Teaching / Learning Materials	2,785,123	2,605,840
<b>Total</b>	<b>2,785,123</b>	<b>3,233,730</b>

\*Include others as per MOE circulars

**2 Government Grants for Operations**

Description	2022/2023	2021/2022
	Kshs	Kshs
Personnel Emoluments	4,399,799	2,002,000
Repairs And Maintenance	4,214,000	5,012,000
Local Transport / Travelling	-	240,000
Electricity And Water	-	530,000
Medical	203,200	-
Administration Costs	-	800,000
Activity	576,650	-
Other Vote Heads (specify)*	7,399,838	5,804,344
<b>Total</b>	<b>16,793,487</b>	<b>14,388,344</b>

Notes to the Financial Statements (continued)

3 School Fund Income -Parents Contribution/Fees

Description	2022/2023 Kshs	2021/2022 Kshs
Personnel emoluments	1,498,800	1,836,130
Repairs and maintenance	572,000	871,600
Local transport / travelling	620,100	421,510
Electricity and water	1,340,950	1,539,700
Administration costs	1,471,000	1,829,390
Activity	141,100	248,600
Fee on Boarding Equipment and stores	29,740,713	37,080,376
<b>Total</b>	<b>35,384,663.00</b>	<b>43,827,306</b>

4 Miscellaneous Incomes

Description	2022/2023 Kshs	2021/2022 Kshs
Rent Income	7,000	-
Income From Bus Hire	288,550	148,000
Tender	35,000	22,000
Hobunaka Girls	-	39,000
<b>Total</b>	<b>330,550</b>	<b>209,000</b>



Notes to the Financial Statements (continued)

5 Tuition

Description	2022/2023	2021/2022
	Kshs	Kshs
Exercise Books	630,000	450,000
Reference materials	3,604,770	491,000
Laboratory Equipment	260,760	383,995
Teaching / Learning Materials	895,010	4,861,156
Internal Exams	746,500	-
Bank Charges	3,936	7,580
<b>Total</b>	<b>6,140,976</b>	<b>6,193,731</b>

6 Operations

Description	2022/2023	2021/2022
	Kshs	Kshs
Personnel Emoluments	3,895,212	2,923,984
Service Gratuity	0	100,632
Administration Cost	2,543,100	3,205,914
Repairs And Maintenance & Improvements	207,200	2,305,350
Local Transport / Travelling	498,442	1,947,454
Electricity And Water	817,771	779,850
Medical	51,465	0
Transfer to MI account	4,397,850	0
Activity Expenses	865,150	96,200
Insurance Cost	0	0
Bus maintenance	0	296,200
Bank charges	9,976	24,400
<b>Total</b>	<b>13,286,166</b>	<b>11,679,984</b>

Notes to the Financial Statements (continued)

**7 Infrastructure**

Description	2022/2023	2021/2022
	Kshs	Kshs
Construction of ablution block	2,593,341	4,803,150
<b>Total</b>	<b>2,593,341</b>	<b>4,803,150</b>

**8 Boarding and School Fund**

Description	2022/2023	2021/2022
	Kshs	Kshs
Personnel Emoluments	5,018,170	6,761,834
Service Gratuity	50,000	0
Repairs And Maintenance & Improvements	1,377,595	363,660
Local Transport / Travelling	873,303	252,690
Electricity And Water	983,185	1,902,687
Tender Expense	3,500	11,000
Administration Costs	1,762,538	4,062,397
Bus Hire expenses	612,694	480,800
Bank Charges	15,359	41,463
Fee On Boarding Equipment and Stores	19,989,779	17,672,448
Activity	488,850	499,300
Insurance Expense	0	68,000
Refunds	57,600	14,000
<b>Total</b>	<b>31,232,574</b>	<b>32,130,279</b>



Notes to the Financial Statements (continued)

9 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2022/2023	2021/2022
	Active/Dormant		Kshs	Kshs
Tuition Account			58,383	18,816
Operations Account			398,473	9,777
School Fund Account/Boarding			(80,760)	(256,014)
Savings Account			154,519	
Investment account			3,239	3,249
Infrastructural Account			1,494,584	10,380
<b>Total</b>			<b>2,028,637</b>	<b>(213,603)</b>

10 Cash In Hand

Description	2022/2023	2021/2022
	Kshs	Kshs
School fund	36,665	24,481
Operation account	0	1,700
Infrastructure account	715	410
<b>Total</b>	<b>37,380</b>	<b>26,591</b>

Notes to the Financial Statements (continued)

11 Accounts Receivable

Description	2022/2023	2021/2022
	Kshs	Kshs
Fees Arrears	50,727,315	40,120,694
<b>Total</b>	<b>50,727,315</b>	<b>40,120,694</b>

Ageing Analysis of Accounts Receivable

Description	2022/2023		2021/2022	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	12,529,559	24%	15,836,601	%
Between 1- 2 years	14,443,715	28%	2,918,385	%
Between 2-3 years	23,754,041	48%	21,365,708	%
<b>Total (should tie to note 13 a)</b>	<b>50,727,315</b>	<b>100%</b>	<b>40,120,694</b>	<b>100%</b>

12 Accounts Payable

Description	2022/2023	2021/2022
	Kshs	Kshs
Trade Creditors	28,833,304	18,014,419
Workers welfare	397,964	397,964
<b>Total</b>	<b>29,231,268</b>	<b>18,412,383</b>



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Notes to the Financial Statements (continued)

Ageing Analysis of Accounts Payable

Description	2022/2023		2021/2022	
	Kshs	% of the total	Kshs	% of the total
	<b>Current FY</b>	<b>% of the total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Less than 1 year	11,832,835	%	7,536,815	%
Between 1- 2 years	6,522,865	%	3,064,130	%
Between 2-3 years	10,477,604	%	7,413,474	%
Over 3 years		%		%
<b>Total (should tie to note 14)</b>	<b>28,833,304</b>	<b>%</b>	<b>18,014,419</b>	<b>%</b>

13 Fund Balance Brought Forward

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Bank Balances	(213,603.)		1,057,171	
Cash Balances	26,591		(623)	
Receivables	40,120,694		26,029,582	
Payables	(18,412,383)		(12,416,068)	
<b>Total</b>	<b>21,521,299</b>		<b>14,670,062</b>	

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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.

**14 Non-current Liabilities Summary**

Description	2023	2022
	Kshs	Kshs
Gratuity And Leave Provision	1,198,565	1,248,565
<b>Total</b>	<b>1,198,565</b>	<b>1,248,565</b>

**15 Biological assets**

Description	Numbers	2023	2022
		Kshs	Kshs
Cattle	3	-	-
Trees	300	-	-
<b>Total</b>	<b>303</b>		

**16 Stock/ Inventory**

Description	2022/2023	2021/2022
	Kshs	Kshs
Food stuffs	1,131,520	501,140
Others (specify)		
	<b>1,131,520</b>	<b>501,140</b>



**17 Progress On Follow Up of Auditor Recommendations**

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

-----  
Sign and Date  
Principal

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

## 12. Annexes

## Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction Of Buildings</b>						
1. 16 No. Modern Bathroom	1,563,018	Jan 2024	939,110	623,908		
<b>Sub-Total</b>	<b>1,563,018</b>		<b>939,110</b>	<b>623,908</b>		
<b>Supply Of Goods</b>						
2. Oliver Ambuka Kwendo	297,500	2020	0	297,500		
3. Miloko General Suppliers	429,200	2022	260,500	168,700		
4. Samson Omenda	612,000	202	200,000	412,000		
5. Kima Steel & Engineering Ltd	200,000	2020	0	200,000		
6. Shidogo Marley Mwanga	157,250	2020	0	157,250		
7. Mini Bakeries	164,425	2022	0	164,425		
8. Pamela Kawai Mudenyo	55,600	2022	13,400	42,200		
9. Jupiter General Enterprise	653,280	2022	192,450	460,830		
10. Zaddock Ateko	174,000	2022	174,000	0		
11. Rael Julia Okoko	518,305	2022/2023	0	518,305		



Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance Contracted To	Outstanding Balance Contracted To	Comments
12. Joshua Ngong'a Oyamo	139,260	2022	0	139,260		
13. Patrick Aseka Anyang'u	238,000	2022	0	238,000		
14. Tom Amboko Omung'ala	766,500	2022/2023	242,500	524,000		
15. Okuamolo Enterprise	502,000	2022/2023	0	502,000		
16. Procan Contractors	225,000	2022	0	225,000		
17. Tison General Suppliers	574,600	2022	0	574,600		
18. Malesi enterprises	134,885	2022	0	134,885		
19. Jobit Enterprises	41,500	2022	0	41,500		
20. Millicent Majimbo	88,000	2022	0	88,000		
21. Vuma Biofuels	110,000	2022	0	110,000		
22. Anthony Indangasi	950,000	2022	0	950,000		
23. Readon Adero	25,300	2023	0	25,300		
24. Ariso Co. Ltd	129,000	2022	0	129,000		
25. Frankline Odera	29,385	2022	0	29,385		
26. Francis Anjili	30,000	2022	0	30,000		
27. Mark shiakamili	179,680	2022	135,000	44,680		
28. Spectre Builders	150,000	2022	0	150,000		
29. Agnes Wendo	160,000	2023	0	160,000		
<b>Sub-Total</b>	<b>7,734,670</b>		<b>1,217,850</b>	<b>6,516,820</b>		



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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
<b>Operation Account</b>						
1.Mowatech Eng.	197,600	2020/2022	0	197,600		
2. Joab Abulwa	217,200	2022/2023	161,200	56,000		
3. Stendatech Engineering	200,000	2020	0	200,000		
4. Dittomax Agencies	200,000	2021	350,000	150,000		
5.Silvano Astariko	161,300	2022	100,300	61,300		
6. Mbeash Glassmart	112,740	2021	0	112,740		
7. Reliable Technical services	124,500	2021	0	124,500		
8. Jacob Otieno Membo	38,500	2022	0	38,500		
9. Kima Steel & Eng.	205,865	2022	0	205,865		
10.Patmid Enterprises	391,220	2022	0	391,220		
11.Wale Snap Mahodo	24,000	2022	0	24,000		
12.Dunlop Investments	79,450	2023	46,750	32,700		
<b>Sub-total</b>	<b>2,252,375</b>		<b>658,250</b>	<b>1,594,425</b>		
<b>Tuition account</b>						
1.Patmid Enterprise	552,050	2022	0	552,050		
2.Readers Quest Publishers	1,186,740	2022	0	1,186,740		
3.Emusaya International	150,000	2022	0	150,000		
4.Huduma Office Solution	222,190	2022	166,190	56,000		



Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
5.Luanda Best Stationers	494,815	2022	197,225	297,590		
6. Highmark Services	30,000	2021	0	30,000		
7. The Copy Cat Ltd	192,080	2022	0	192,080		
8. Third Generation Comms. (Christine Awuor Juma)	334,500	2021	200,000	134,500		
9. Merchants of Box 14	161,800	2021/2022/2023	0	161,800		
10.Jetlink Educational Enterprise	41,000	2022	0	41,000		
11.Lexide Technologies	369,500	2022/2023	0	369,500		
12.Jesma Publishers	13,300	2023	0	13,300		
13.Clesea Cellular Limited	275,860.00	2023	0	275,860.00		
14.Sielabs Limited	35,000	2023	0	35,000		
<b>Sub-total</b>	<b>4,058,835</b>		<b>563,415</b>	<b>3,495,420</b>		
<b>Supply Of Services</b>						
30. Gratuity	1,198,565		0	1,198,565		
<b>Sub-Total</b>						
<b>Grand Total</b>	<b>21,497,613</b>			<b>12,805,230</b>		

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**Annex 2 – Summary of Fixed Assets Register**

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 2023
Land 1						4.82 Hectares
Land 2						22 classrooms
Buildings and structures						1 school bus
Motor vehicles						7 tables
Office equipment, furniture and fittings						1 Chairs CCTV camera -Cabinets containing sch files, teachers file, workers files, kcse files -Trophies 1 pieces -Utensils -Water dispenser -2 umbrellas -1 fire extinguisher -2 computers & 2 printers -1 bell -Notice board



						containing principals names, Board Chairmen names, KCSE performers
ICT Equipment, and Other ICT Assets						- 29 computers
Tools and apparatus						- 1 projector - 10 Slashers - 1 Jembe - 2 Pangas - 6 Wheelbarrows
Textbooks						6,468
Other Machinery and Equipment						-Automatic Generator -Weighing machine
Heritage and cultural assets						
Intangible assets- soft ware						-Zeraki -JBS
<b>Total</b>						