

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

**REPORT**

DATE: 02 DEC 2024

DAY:

MONDAY

TABLED

BY:

**OF**

CLEAR AT  
THE TABLE:

HON. NADINI WADO, MP

DEPUTY MAJORITY WHIP

KESTHER NG'WOTO

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**SANTA MARIA GIRLS' SECONDARY  
SCHOOL CHEPTULON**

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

**ELGEYO MARAKWET COUNTY**

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



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**SANTA MARIA GIRLS SECONDARY SCHOOL - CHEPTULON**  
**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	Freed Day Secondary Education

**2. Key School Information and Management**

**(a) Background information**

Santa Maria Girls Secondary School - Cheptulon is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. The school is located in Elgeyo Marakwet County, Marakwet West Sub-County.

The school was registered in 1984 under registration number 28S30000751 and is currently categorized as an extra county school established, owned or operated by the Government.

The school is a boarding school and had 1670 students as at 30<sup>th</sup> June 2023. It has five streams and 48 teachers out of which 26 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:

<b>Ref:</b>	<b>Name of Board Member</b>	<b>Designation</b>	<b>Date of appointment</b>
1	Herman Rotich	Chairman	20 <sup>th</sup> July 2022
2	Rosemary Opinde	Secretary - Principal	
3	Rael Kimetto	Member	20 <sup>th</sup> July 2022
4	Leah Kiptoo	Member	20 <sup>th</sup> July 2022
5	Rose Kimutai	Member	25 <sup>th</sup> July 2019
6	Samuel Kipyego	Member	20 <sup>th</sup> July 2022
7	John Kosgei Kochurio	Member	25 <sup>th</sup> July 2019
8	John Kirias	Member – PA	25 <sup>th</sup> July 2019
9	Jonah Kimosop	Member Rep Teachers	25 <sup>th</sup> July 2019
10	Martin Kimaiyo	Members - Sponsor	25 <sup>th</sup> July 2019
11	John Kiptum	Member - Community	25 <sup>th</sup> July 2019
12	Moses Kibor	Member Special Needs	25 <sup>th</sup> July 2019
13	Randy Achieng	Rep Students	20 <sup>th</sup> July 2022
14	Eunice Jelagat	Member	20 <sup>th</sup> July 2022
15	Joel Kendagor	Member	25 <sup>th</sup> July 2019
16	Fredrick Kapsir	Member	20 <sup>th</sup> July 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
1	Executive Committee	Herman Rotich Rosemary Opinde John Kirias Joel Kendagor Rose Kimutai Martin Kimaiyo	Chair B.O.M Principal P.A Chair BOM Member BOM Vice Chair BOM Member	2 out of 2 2 out of 2 2 out of 2 2 out of 2 1 out of 2 2 out of 2
2	Audit Committee	No Audit Committee established		
3	Finance, Procurement and General Purposes Committee	Eunice Jelagat John Kirias Rosemary Opinde Samuel Kipyego Joel Kendagor Rose Kipyatich	BOM Member P.A Principal BOM Member BOM Member BOM Member	2 out of 2 2 out of 2 2 out of 2 2 out of 2 2 out of 2 2 out of 2
4	Academic Committee	Joel Kendagor Rosemary Opinde Betty Rutto Moses Kibor Jonah Kimosop John Kirias	BOM Vice Chair BOM Secretary BOM Member BOM Member BOM Member BOM Member	2 out of 3 3 out of 3 3 out of 3 3 out of 3 3 out of 3 3 out of 3
5	Development Committee	John Kochurio Rosemary Opinde	SIC Chair Principal	2 out of 2 2 out of 2

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		Herman Rotich John Kirias Rose Kipyatich	BOM Chair P.A Chair BOM Member	2 out of 2 2 out of 2 2 out of 2
6	Discipline and Welfare Committee	John Kisang Rosemary Opinde Rose Kipyatich John Kirias Rael Kimetto Jonah Kimosop	BOM Member BOM Secretary BOM Member BOM Member BOM Member BOM Member	2 out of 2 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	TSC Number
1	Principal	Rosemary Opinde	270851
2	Deputy Principal	Everlyne Kokita	347373
3	Deputy Principal	Beatrice Lagat	399439
4	School Finance Officer	Nathan Kipchumba	

**(e) Schools contacts**

Post Office Box: 237-Kapsowar  
 Mobile Number: 0723491117  
 E-mail: santamaria@gmail.com

**(f) School Bankers**

The school operated 6 number of bank accounts and 1 Pay bill number as follows:

Name of Bank: Kenya Commercial Bank  
 Branch: Kapsowar  
 Account Number: 1103175009  
 Purpose: School Fund Account

Name of Bank: Kenya Commercial Bank  
 Branch: Kapsowar  
 Account Number: 1103175157  
 Purpose: Operations

Name of Bank: Kenya Commercial Bank  
 Branch: Kapsowar  
 Account Number: 1103244841  
 Purpose: Tuition Account

Name of Bank: Kenya Commercial Bank  
Branch: Kapsowar  
Account Number: 1276521359  
Purpose: Infrastructure Account

Name of Bank: Kenya Commercial Bank  
Branch: Kapsowar  
Account Number: 1210373149  
Purpose: CDF Account

Name of Bank: Kenya Commercial Bank  
Branch: Kapsowar  
Account Number: 1102954985  
Purpose: Savings Account

MPESA Pay Bill No.: Business Number: 522123  
Account Number: 20506KADMNO  
Attached to bank account - 1103175009

**(g) Independent Auditors**

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



**Santa Maria Girls Secondary School - Cheptulon**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> 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:**

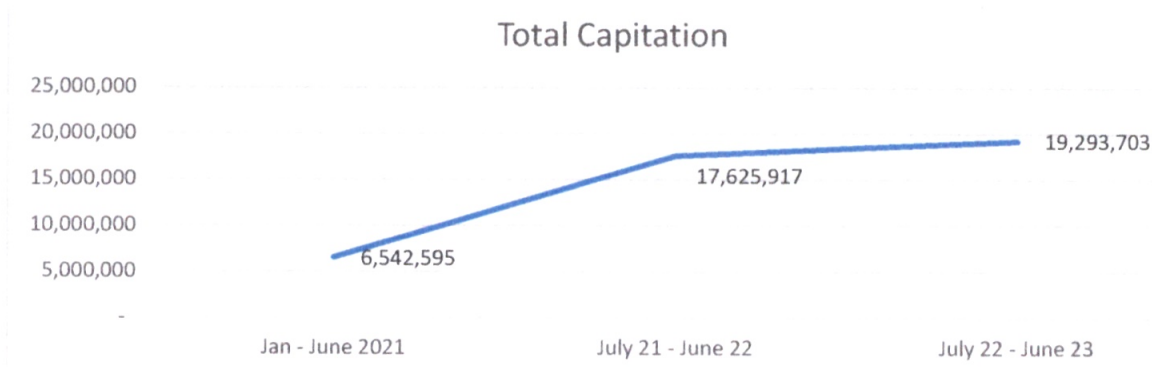
This section presents the financial performance for the last three reporting periods, and the trend thereof as tabulated below:

<b>YEAR</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>PERFORMANCE PERIOD</b>	<b>Jan - June 2021</b>	<b>July 21 - June 22</b>	<b>July 22 - June 23</b>
<b>Surplus</b>	<b>2,224,730</b>	<b>392,511</b>	<b>6,922,911</b>
Capitation Grants - Operations & Infrastructure	5,642,395	14,321,293	15,918,566
Capitation Grants - Tuition	900,200	3,304,624	3,375,137
<b>Total Capitation</b>	<b>6,542,595</b>	<b>17,625,917</b>	<b>19,293,703</b>
Increase / (Decrease)	(3,308,236)	11,083,322	1,667,786
No. of Students	855	1,062	1,670
<b>Ratio of Capitation per Student</b>	<b>7,652</b>	<b>16,597</b>	<b>11,553</b>
<b>Total Expenditure</b>	<b>16,848,680</b>	<b>67,775,922</b>	<b>81,670,952</b>
Growth in Expenditure	(10,119,174)	50,927,243	13,895,030
<b>Total Accounts Receivables</b>	<b>29,139,708</b>	<b>29,368,650</b>	<b>30,471,721</b>
Growth in Accounts Receivables	21,523	228,942	1,103,071
<b>Accounts Creditors</b>	<b>9,889,071</b>	<b>10,118,013</b>	<b>11,221,084</b>
Growth in Accounts Payables	21,523	228,942	1,103,071
<b>Cash and Bank Balances</b>	<b>2,301,302</b>	<b>2,693,813</b>	<b>9,616,724</b>
Growth in Cash and Cash Equivalents	2,224,730	392,511	6,922,911

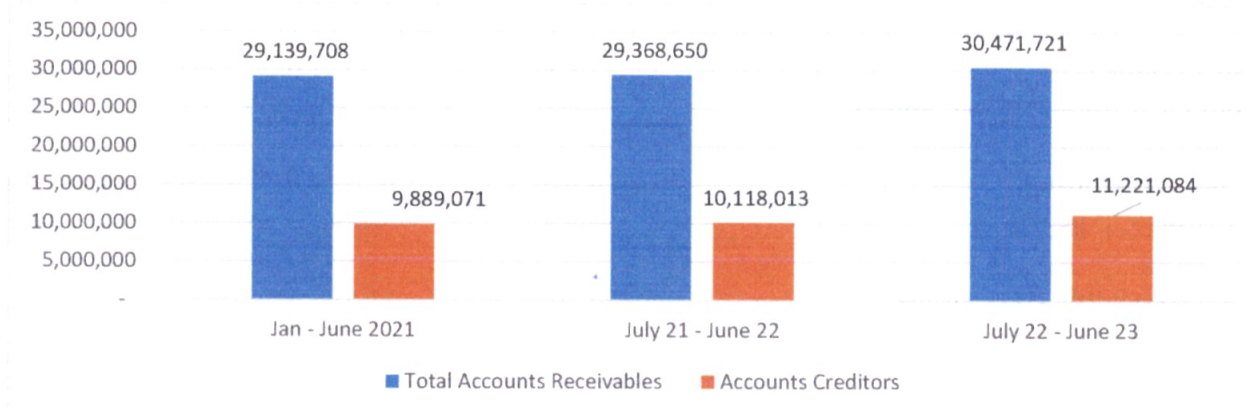
The school reported a 1,663% increase in surplus from Kshs.392,511 in 2022 to KShs.6,922,911 in 2023. The significant increase in surplus can be attributed to the Kshs.15,920,764 increase in the amount of school fees paid by the parents.



**Santa Maria Girls Secondary School - Cheptulon**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**



The total capitation received by the school has increased by Kshs.11,083,322 in 2022 and a further Kshs.1,667,786 during the reporting period ending June 2023. Despite the increase in the amounts of capitation received from the Ministry of Education, the average capitation received per student increased from Kshs.7,652 during the 2021 period to Kshs.16,592 in 2022 and declined by 30.4% to Kshs.11,553 during the 2023 reporting period.



The level of accounts payables and accounts receivables has increased over the previous two reporting periods as shown on the graph above.

**b) Teacher Student ratio:**

YEAR	2021	2022	2023
Teacher Student Ratio	1:90	1:88	1:75
Teachers Recruited during the Year	2	1	0
Number of Teachers Transferred	0	0	1
Number of teachers retired	0	0	0
Teachers Employed by TSC	23	24	22
Teachers Employed by B.O.M	23	19	26



**Santa Maria Girls Secondary School - Cheptulon**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

**c) Mean score in the 2022 KCSE:**

YEAR	2020	2021	2022
GRADE A	0	0	0
GRADE A-	0	0	0
GRADE B+	5	8	2
GRADE B	20	15	41
GRADE B-	42	37	119
GRADE C+	60	61	87
GRADE C	26	70	47
GRADE C-	13	51	4
GRADE D+	4	27	2
GRADE D	0	12	0
GRADE D-	0	2	0
GRADE E	0	0	0
<b>Number of Candidates</b>	<b>170</b>	<b>283</b>	<b>302</b>
<b>Increase in KCSE Enrollment</b>		<b>113</b>	<b>19</b>
<b>Transitioned to Higher Education (C+ and Above)</b>	127	121	249

**d) Capacity of the school:**

YEAR	2021		2022		2023	
	Number	Student Population	Number	Student Population	Number	Student Population
Dormitories	6	855	7	1,062	7	1670
Dining Hall	1	855	1	1,062	1	1670
Laboratories	2	855	2	1,062	2	1670
Toilets	40 Flash 15 Pit Latrines	855	60 Flash 15 Pit Latrines	1,062	60 Flash 15 Pit Latrines	1670
Classrooms	11	855	21	1,062	21	1670
Computer Lab	1	855	1	1,062	1	1670



Santa Maria Girls Secondary School - Cheptulon  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023

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e) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Construction of two Classrooms	NG-CDFC	Ongoing	2,000,000		2024

*H. Spindle*

School Principal



# REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON SANTA MARIA GIRLS' SECONDARY SCHOOL - CHEPTULON FOR THE YEAR ENDED 30 JUNE, 2023 – ELGEYO MARAKWET 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, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Santa Maria Girls' Secondary School - Cheptulon – Elgeyo Marakwet County - set out on pages 1 to 17, which comprise

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*Report of the Auditor-General on Santa Maria Girls' Secondary School - Cheptulon for the year ended 30 June, 2023  
– Elgeyo Marakwet County*

of the statement of assets and liabilities for the financial year ended 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Santa Maria Girls Secondary School – Cheptulon – Elgeyo Marakwet 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 Public Finance Management Act, 2012 and the Basic Education Act, 2013.

## **Basis for Qualified Opinion**

### **1. Accounts Receivables**

#### **1.1 Unsupported Accounts Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.30,471,721 as disclosed in Note 13 to the financial statements. However, the supporting schedules, detailed aging analysis and invoices were not provided for audit review.

#### **1.2 Long Outstanding Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.30,471,721 as disclosed in Note 13 to the financial statements. However, included in the balance are receivables amounting to Kshs.21,466,412 or 71% which had been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy, completeness and recoverability of the receivables balance of Kshs.30,471,721 could not be confirmed.

### **2. Variances in Payables**

The statement of financial assets and financial liabilities reflects payables balance of Kshs.11,221,084 as disclosed in Note 14 to the financial statements. However, the balance varies with a balance of Kshs.6,334,928 reflected in the ledger and trial balance resulting to an unexplained or an unreconciled variance of Kshs.4,886,156.

In the circumstances, the accuracy and completeness of trade payables balance of Kshs.11,221,084 could not be confirmed.

### **3. Inaccuracies in the Financial Statements**

The statement of budgeted versus actual amounts reflects actual total expenditure of Kshs.80,232,776 which differs with total amount of Kshs.81,670,952 reported in the statement of receipts and payments, by Kshs.1,438,176. This variance has not been reconciled.

In the circumstances, the accuracy and completeness of the statement of budgeted versus actual amounts could not be confirmed.

### **4. Unsupported Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.9,616,724 which includes bank balances of Kshs.8,705,302 and cash in hand balances of Kshs.911,422 as disclosed in Note 10 and 11 to the financial statements. However, the bank balances were not supported by bank reconciliation statements. Further, no cash survey certificate was provided to support the cash balance of Kshs.911,411 as disclosed in Note 11 to the financial statements.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.9,616,721 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Santa Maria Girls Secondary School - Cheptulon 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 a comparable basis of Kshs.100,384,800 and Kshs.88,593,863 respectively, resulting to an under-funding of Kshs.11,790,937 or 12% of the budget. However, the School spent a balance of Kshs.80,232,607 against actual receipts of Kshs.88,593,863, resulting to an under-utilization of Kshs.8,361,256 or 9% of actual receipts.

The under-funding and 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 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. 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.68,933,607 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.900,000 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.900,000 could not be confirmed.

#### **2. Unbalanced Budget**

Review of the statement of comparison of budget versus actual amounts revealed an amount of Kshs.100,384,800 and an amount of Kshs.82,372,549 as the total budgeted



income and expenditure respectively, resulting to an unbalanced budget by Kshs.18,012,251 contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which requires the budget to be balanced.

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

### **3. 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.

### **4. Long Outstanding Payables**

The statement of financial assets and financial liabilities and as disclosed in Note 14 to the financial statements reflects payables balance of Kshs.11,221,084. However, included in the balance are trade payables balance of Kshs.4,665,529 which had been outstanding for more than one year. This is contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates.

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

### **5. Failure to Transfer Transition Infrastructure Grants funds from the Operations Bank Account**

The statement of receipts and payments reflects infrastructure grants amount of Kshs.6,007,200 which as disclosed in Note 3 to the financial statements includes Kshs.1,000,000 in respect of Transition Infrastructure Grants (T.I.G). Review of the bank statements confirmed that the School received the Transition Infrastructure Grants (T.I.G) funds into its operations bank account on 23 June, 2023. However, the funds had not been transferred to the School's infrastructure bank account as at the time of audit in June, 2024. This is contrary to The Ministry of Education Circular Ref. MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds to 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.

## **6. Kitchen Conversion from Wood Fuel to Clean Energy Project**

In a joint meeting between the School's Executive Committee and the Procurement Committee held on 14 November, 2022, Management approved a loan of Kshs.2,329,504 to finance the Liquid Petroleum Gas (L.P.G) project aimed at converting the School kitchen from use of wood fuel to the use of clean energy. Management secured the loan from Kenya Commercial Bank and an amount of Kshs.2,329,504 was disbursed to the School's fund account on 19 December, 2022. The loan was 80% of the total cost of kitchen conversion amounting to Kshs.2,911,880 with the 20% balance being financed by Kenya Commercial Bank Foundation as per their letter dated 17 May, 2022. However, as at the time of audit in June, 2024, the School had abandoned and dismantled the Liquid Petroleum Gas (L.P.G) equipment and reverted to wood fuel citing high operational costs. This cast doubt on whether a cost-benefit analysis had been conducted before implementation of the project. Further, Management did not seek the approval of the County Director of Education and the Ministry Headquarters to secure the loan contrary to Section 18 of the Basic Education Act, 2013. Physical verification of the project in June, 2024 confirmed that the vendor had not fitted a gauge on the tank to assist in monitoring the level of gas in the tank.

In the circumstances, the value of the money totalling to Kshs.2,911,880 and interests on the loan could not therefore be confirmed.

## **7. Lack of a Procurement Plan**

The statement of receipts and payments reflects an amount of Kshs.88,593,863 and Kshs.81,670,952 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 is 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.

## **8. Unconfirmed Students Enrolment Data**

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations totalling Kshs.13,286,503. Comparison of data from National Education Management and information System (NEMIS) with records from the County Director of Education revealed that during the 2022/2023 Financial Year, National Education Management Information System reflected one thousand three hundred and ten (1,310) students while records from the County Director of Education had one thousand six hundred and sixty-nine (1,669) students, resulting to an underfunding of the School by an amount of Kshs.2,001,594. This is 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 to be registered in National

Education Management and information System (NEMIS) and the principals to ensure their records are accurate.

In the circumstances, underfunding of the School may have affected service delivery to the students.

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

During the year under review, Management submitted the financial statements to the Auditor-General on 26 April, 2024 instead of the statutory deadline 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 ready by 30 September, 2022 in compliance with Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

#### **10. Failure to Open a Bank Account for Receipts from Income Generating Activities**

The statement of receipts and payments reflects that the School generated revenue amounting to Kshs.400,000 from farming activities. Review of the cash books presented for audit revealed that Management posted the receipts generated from income generating activities to the boarding cash book, contrary to Circular MOE/CONF/G5 date 26 November, 2019 which requires the School Management to open a separate bank account for income generating activities.

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

#### **11. Non-Adherence to One Third of the Basic Salary Rule**

Review of June 2023 payrolls revealed that two employees received net pays that were less than one third of their basic pay during the month of June, 2021. This was contrary to Section 19(3) of the Employment Act, 2007 which states that deductions from an employee's salary shall not exceed two thirds of such wages.

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

#### **12. Failure to Deduct and Remit Statutory Deductions**

During the period under review, the School Board of Management engaged an average of twenty-three (23) teachers in a bid to address teacher shortages, at a monthly consolidated pay of Kshs.15,000 per teacher. Audit of the payroll revealed that Management did not deduct and remit National Social Security Fund (NSSF) and National Hospital Insurance Fund (NHIF) statutory deductions from the Board of Management

teacher's salaries. This is contrary to Section 20 of the National Social Security Fund Act, Revised 2013 and Section 16 of the National Health Insurance Fund Act, 2023.

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

### **13. Employee Above Mandatory Retirement Age**

Review of the staff bio data and June 2023 payroll revealed that the Board of Management retained an officer as a watchman despite him having attained the age of 61 years. This is contrary to Section D.21 of the Human Resource Policies and Procedures Manual for the Public Service, 2016, which states that all officers shall retire from the Service on attaining the mandatory retirement age of 60 years, 65 years for persons with disabilities.

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

### **Basis for Conclusion**

#### **1. Lack of Internal Audit Function and Audit Committee**

During the year under review, the School 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) Regulation, 2015. The Regulation states that, 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 Adequate Facilities in the School**

Review of bed capacity during the time of audit in June, 2024 revealed that the School had a bed capacity of 876 beds against a student population of 1,744 students, with 99.5% of the learners' sharing beds with their peers. This was contrary to the safety standards manual for schools in Kenya, April, 2018 which prohibits sharing of beds in boarding schools. Further, the space between beds was less than the prescribed 1.2 metres and the corridors were less than two metres wide and students' metallic boxes were arranged on the corridors, which could hamper the movements of students in case of any emergency.

In the circumstances, the safety of the learners in the School could not be confirmed.

## **3. Lack of Ownership Documents**

Annex 2 to the financial statements reflects disclose a summary of fixed assets register balance of Kshs. 18,311,880 which includes land with a nil balance and motor vehicle with a balance of Kshs. 15,400,000. However, land ownership documents were not provided for audit.

In addition, the log book for the motor vehicle indicated that it was jointly owned by the School and a financial institution.

In the circumstances, 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 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 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 its 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 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 control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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 the School's 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 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 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

19 September, 2024



**Santa Maria Girls Secondary School - Cheptulon**  
**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 Santa Maria Girls Secondary School - Cheptulon 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).

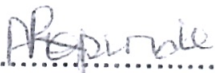
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30<sup>th</sup> June, 2023, and of the school's financial position as at that date.

  
.....

**Name:** Herman Rotich

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

**Date:**

  
.....

**Name:** Rosemary Opinde

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

**Date:**



  
.....

**Name:** Nathan Kipchumba

**Designation:** Bursar/ Finance Officer

**Date:**

**Santa Maria Girls Secondary School - Cheptulon**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Receipts</b>			
Government grants for tuition	1	3,375,137	3,304,624
Government grants for operations	2	9,911,366	14,321,293
Government Grants for infrastructure	3	6,007,200	-
School Fund Income- Parents' Contributions	4	65,988,280	50,067,516
Miscellaneous Incomes	5	3,311,880	475,000
<b>Total Receipts</b>		<b>88,593,863</b>	<b>68,168,433</b>
<b>Payments</b>			
Tuition	6	2,804,637	3,336,137
Operations	7	8,494,532	15,610,772
Infrastructure	8	1,438,176	-
Boarding and school fund payments	9	68,933,607	48,829,013
<b>Total Payments</b>		<b>81,670,952</b>	<b>67,775,922</b>
<b>Surplus</b>		<b>6,922,911</b>	<b>392,511</b>

The school financial statements were approved on \_\_\_\_\_ 2024 and signed by:

.....  


**Name:** Herman Rotich

**Chair BOM**

**Date:** 24/7/24

.....  


**Name:** Rosemary Opinde

**School Principal/ Secretary to BOM**

**Date:** 24 JUL 2024



.....  


**Name:** Nathan Kipchumba

**Bursar/ Finance Officer**

**Date:** 24/7/24

**Santa Maria Girls Secondary School - Cheptulon**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

**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	10	8,705,302	2,119,743
Cash balances	11	911,422	574,070
Short term investment	12		
<b>Total cash and cash equivalent</b>		<b>9,616,724</b>	<b>2,693,813</b>
Account's receivables	13	30,471,721	29,368,650
<b>Total financial assets</b>		<b>40,088,445</b>	<b>32,062,463</b>
<b>Financial liabilities</b>			
Accounts payables	14	11,221,084	10,118,013
<b>Net financial assets</b>		<b>28,867,361</b>	<b>21,944,450</b>
<b>Represented by</b>			
Accumulated fund b/fwd	15	21,944,450	21,551,939
Surplus/deficit for the year		6,922,911	392,511
<b>Net financial position</b>		<b>28,867,361</b>	<b>21,944,450</b>


The school's financial statements were approved on \_\_\_\_\_ 2024 and signed by:

.....  


Name: Herman Rotich

Chair BOM

Date: 24/7/24

.....  


Name: Rosemary Opinde

School Principal/ Secretary to BOM

Date:

24 JUL 2024

.....  


Name: Nathan Kipchumba

Bursar/ Finance Officer

Date:

24/7/24



**Santa Maria Girls Secondary School - Cheptulon**  
**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	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Operating activities</b>			
<b>Receipts</b>			
Government grants for tuition	1	3,375,137	3,304,624
Government grants for operations	2	6,007,200	-
Government Grants for infrastructure	3	9,911,366	14,321,293
School Fund Income- Parents' Contributions	4	65,988,280	50,067,516
Miscellaneous Incomes	5	982,376	475,000
<b>Total receipts</b>		<b>86,264,359</b>	<b>68,168,433</b>
<b>Payments</b>			
Payments for tuition	6	2,804,637	3,336,137
Payments for operations	7	8,494,532	10,112,772
Infrastructure Payments	8	-	-
Boarding and school fund payments	9	61,855,524	48,379,090
<b>Total payments</b>		<b>73,154,693</b>	<b>61,827,999</b>
<b>Net cash flow from operating activities</b>		<b>13,109,666</b>	<b>6,340,434</b>
<b>Cashflow from investing activities</b>			
Acquisition of assets		(8,002,405)	(5,947,923)
Proceeds from investments			
Purchase of investments			
<b>Net cash flows from investing activities</b>		<b>(8,002,405)</b>	<b>(5,947,923)</b>
<b>Cashflow from borrowing activities</b>			
Proceeds from borrowings/ loans		2,329,504	-
Repayment of principal borrowings		(513,854)	-
<b>Net cash flow from financing activities</b>		<b>1,815,650</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,922,911</b>	<b>392,511</b>
<b>Cash and cash equivalent at beginning of the year</b>		<b>2,693,813</b>	<b>2,301,302</b>
<b>Cash and cash equivalent at end of the year</b>		<b>9,616,724</b>	<b>2,693,813</b>

Kshs.8,002,405 utilised in the acquisition of assets includes Kshs.2,329,504 loan obtained from Kenya Commercial Bank (KCB) and utilised to transition the school's kitchen to Liquid Petroleum Gas (LPG), Kshs.1,438,176 spent from the infrastructure bank account, and Kshs.4,234,725 from school fund bank account.

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

  
 Name: .....

Chair BOM  
 Date: 24/7/24

  
 Name: .....

School Principal/ Secretary to  
 BOM  
 Date: 24 JUL 2024



  
 Name: .....

Bursar/ Finance Officer  
 Date: 24/7/24

Santa Maria Girls Secondary School - Cheptulon  
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	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>RECEIPTS</b>						
<i>(1) CAPITATION GRANT ON TUITION</i>						
Teaching / learning materials	5,837,200	-	5,837,200	3,375,137	2,462,063	58%
<b>Total</b>	<b>5,837,200</b>	<b>-</b>	<b>5,837,200</b>	<b>3,375,137</b>	<b>2,462,063</b>	<b>58%</b>
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						
Other Vote Heads	12,220,000	-	12,220,000	8,962,891	3,257,109	73%
RMI	6,500,000	-	6,500,000	-	6,500,000	0%
Medical	2,600,000	-	2,600,000	245,200	2,354,800	9%
SMASSE	260,000	-	260,000	-	-	0%
Activity	1,950,000	-	1,950,000	703,275	1,246,725	36%
<b>Total</b>	<b>23,530,000</b>	<b>-</b>	<b>23,530,000</b>	<b>9,911,366</b>	<b>13,618,634</b>	<b>42%</b>
<i>3) FDSE for infrastructure</i>						
Maintenance & Improvement MoE	6,500,000	-	6,500,000	5,007,200	1,492,800	77%
Transition Infrastructure Grants	1,000,000	-	1,000,000	1,000,000	-	100%
<b>Total</b>	<b>7,500,000</b>	<b>-</b>	<b>7,500,000</b>	<b>6,007,200</b>	<b>1,492,800</b>	<b>80%</b>
<i>(3) FEES CHARGED ON PARENTS</i>						



**Santa Maria Girls Secondary School - Cheptulon**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

Repairs and maintenance	2,600,000	-	2,600,000	1,869,491	730,509	72%
Other Voteheads	16,770,000	-	16,770,000	16,761,953	8,047	100%
KNEC Exams	1,138,600	-	1,138,600	1,138,600	-	100%
Bursary	-	-	-	3,933,525	(3,933,525)	-
BES	41,684,000	-	41,684,000	41,825,604	(141,604)	100%
Activity	325,000	-	325,000	459,107	(134,107)	141%
<b>Total</b>	<b>62,517,600</b>	<b>-</b>	<b>62,517,600</b>	<b>65,988,280</b>	<b>(3,470,680)</b>	<b>106%</b>
<b>OTHER RECEIPTS</b>						
Grant from KCB for installation of Gas	-	-	-	582,376	(582,376)	-
Loan from KCB	-	-	-	2,329,504	(2,329,504)	-
Income from Farm	1,000,000	-	1,000,000	400,000	600,000	40%
<b>Total</b>	<b>1,000,000</b>	<b>-</b>	<b>1,000,000</b>	<b>3,311,880</b>	<b>-</b>	<b>331%</b>
<b>TOTAL INCOME</b>	<b>100,384,800</b>	<b>-</b>	<b>100,384,800</b>	<b>88,593,863</b>	<b>11,790,937</b>	<b>88%</b>
<b>(1) EXPENDITURE FOR TUITION</b>						
Exercise books	-	-	-	455,000	(455,000)	-
Laboratory Chemicals	-	-	-	400,000		
Teaching / learning materials	5,387,200	-	5,387,200	1,944,423	3,442,777	36%
Bank Charges	5,214	-	5,214	5,214	-	100%
<b>Total</b>	<b>5,392,414</b>	<b>-</b>	<b>5,392,414</b>	<b>2,804,637</b>	<b>2,987,777</b>	<b>52%</b>
<b>(2) EXPENDITURE FOR OPERATIONS</b>						
Activity Expenses	-	-	-	402,150	(402,150)	-
Other Voteheads	12,220,000	-	12,220,000	8,089,448	4,130,552	66%
Bank Charges	-	-	-	2,934	(2,934)	-
<b>Total</b>	<b>12,220,000</b>	<b>-</b>	<b>12,220,000</b>	<b>8,494,532</b>	<b>3,725,468</b>	<b>70%</b>
<b>(3) EXPENDITURE FOR SCHOOL FUND</b>						



**Santa Maria Girls Secondary School - Cheptulon**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

Repairs and maintenance & Improvements	2,600,000	-	2,600,000	4,234,725	(1,634,725)	163%
KNEC Exams		-	-	1,138,600	(1,138,600)	-
Electricity and water		-	-		-	-
Administration costs		-	-		-	-
Other Voteheads	16,770,000	-	16,770,000	12,609,428	4,160,572	75%
Bank Charges	51,631	-	51,631	51,631	-	100%
Expenses on Income Generating Activities	1,000,000	-	1,000,000	276,100	723,900	28%
Fee on Boarding Equipment and Stores	41,684,000	-	41,684,000	42,883,884	(1,199,884)	103%
Loan Principal Repayment	2,329,504	-	2,329,504	513,854	1,815,650	22%
Loan Interest Repayment	-	-	-	122,304	(122,304)	-
Activity	325,000	-	325,000	2,481,150	(2,156,150)	763%
Bursary	-	-	-	3,933,525	(3,933,525)	-
Fees Refund	-	-	-	106,030	106,030	-
Grant from KCB for installation of Gas paid to Vendor of the Gas Project	-	-	-	582,376	(582,376)	-
<b>TOTAL</b>	<b>64,760,135</b>	<b>-</b>	<b>64,760,135</b>	<b>68,933,607</b>	<b>(4,173,472)</b>	<b>106%</b>
<b>GRAND TOTAL</b>	<b>82,372,549</b>	<b>-</b>	<b>82,372,549</b>	<b>80,232,776</b>	<b>2,539,773</b>	<b>97%</b>

**Budgetary Notes:**

Under-performance of receipts was due to the failure of the Ministry of Education to release the entire capitation due to the students during the period



## **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
Teaching / learning materials	3,375,137	3,304,624
<b>Total</b>	<b>3,375,137</b>	<b>3,304,624</b>

### 2 Government Grants for Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Repairs and maintenance	-	5,239,750
Medical Insurance	245,200	-
Other Vote heads	8,962,891	9,081,543
Activity	703,275	-
<b>Total</b>	<b>9,911,366</b>	<b>14,321,293</b>

### 3 Government Grants for infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Maintenance & Improvement	5,007,200	-
Transition infrastructure grants	1,000,000	-
<b>Total</b>	<b>6,007,200</b>	<b>-</b>

The school received a Transition Infrastructure Grant (TIG) of Kshs.1,000,000 for improvement of the existing facilities. Further, the Ministry of Education remitted Maintenance and Improvement funds amounting to Kshs.5,007,200 to the school's operations account. The school subsequently transferred the funds to the infrastructure account.

### 4 School Fund Income - Parents Contribution / Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Repairs and maintenance	1,869,491	1,304,469
Other Vote Heads	16,761,953	17,404,684
KNEC Exams	1,138,600	-
KNEC Exams	-	158,500
Bursary	3,933,525	802,100
BES	41,825,604	29,608,395
Activity	459,107	789,368
<b>TOTAL</b>	<b>65,988,280</b>	<b>50,067,516</b>



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**5 Miscellaneous Incomes**

Description	2022-2023	2021-2022
	Kshs	Kshs
Income from Farm	400,000	425,000
Grant from KCB for installation of Gas	582,376	-
Loan from KCB	2,329,504	-
Bus Hire	-	50,000
<b>TOTAL</b>	<b>3,311,880</b>	<b>475,000</b>
Less Borrowings – Loan from KCB (Reported separately in the Statement of Cash Flows)	(2,329,504)	-
<b>Miscellaneous Incomes Reported in the Statement of Cash Flows</b>	<b>982,376</b>	<b>475,000</b>

The school received a grant of Kshs.582,376 from the Kenya Commercial Bank Foundation (KCB) being 20% of the cost of converting the school kitchen from firewood to LPG. The 80% of the cost of kitchen conversion (Kshs.2,329,504) was financed through a loan from the bank. The bank transferred all the funds to the school's bank account, with the school processing the payments to the vendor.

**6 Tuition**

Description	2022-2023	2021-2022
	Kshs	Kshs
Exercise books	455,000	-
Laboratory Chemicals	400,000	800,000
Teaching / learning materials	1,944,423	2,536,137
Bank Charges	5,214	-
<b>Total</b>	<b>2,804,637</b>	<b>3,336,137</b>

**7 Operations**

Description	2022-2023	2021-2022
	Kshs	Kshs
Activity Expenses	402,150	328,270
Repairs and maintenance & improvements		5,498,000
Other Vote Heads	8,089,448	9,779,741
Bank Charges	2,934	4,761
<b>Total</b>	<b>8,494,532</b>	<b>15,610,772</b>
<b>Operations Payments Reported in the Statement of Receipts and Payments</b>	<b>8,494,532</b>	<b>15,610,772</b>
Less Acquisition of Assets Amount		(5,498,000)
<b>Operations Payments reported in Statement of Cash Flows</b>	<b>8,494,532</b>	<b>10,112,772</b>



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**Notes to the Financial Statements (continued)**

**8 Infrastructure**

Description	2022-2023	2021-2022
	Kshs	Kshs
Construction of dormitory	1,437,420	
Bank Charges	756	
<b>Total</b>	<b>1,438,176</b>	<b>-</b>

**9 Boarding And School Fund**

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments		
Repairs and maintenance & Improvements	4,234,725	518,553
KNEC Exams	1,138,600	
Electricity and water		
Administration costs		
Other Voteheads	12,609,428	10,732,780
Bank Charges	51,631	
Expenses on Income Generating Activities	276,100	301,020
Fee on Boarding Equipment and Stores	42,883,884	36,401,060
Loan Principal Repayment	513,854	-
Loan Interest Repayment	122,304	-
Activity	2,481,150	
Bursary	3,933,525	802,100
Fees Refund	106,030	73,500
Grant from KCB for installation of Gas paid to Vendor of the Gas Project	582,376	
<b>TOTAL</b>	<b>68,933,607</b>	<b>48,829,013</b>
<b>Boarding Payments Reported in the Statement of Receipts and Payments</b>	<b>68,933,607</b>	<b>48,829,013</b>
Less Loan Principal Repayments	(513,854)	-
Less Acquisition of Assets Amount	(6,564,229)	449,923
<b>Boarding Payments reported in Statement of Cash Flows</b>	<b>61,855,524</b>	<b>48,379,090</b>



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**Notes to the Financial Statements (continued)**

**10 Bank Accounts**

Name of Bank, Account No. & currency	Status	Bank Account Number	2022-2023	2021-2022
			Kshs	Kshs
Tuition Account	Account	1103244841	583,994	13,620
Operations Account	Account	1103175157	2,439,179	3,418
School Fund Account/Boarding	Account	1103175009	520,011	509,611
Savings Account	Dormant	1102954985	2,670	2,670
Infrastructural Account	Account	1276521359	5,159,448	1,590,424
<b>Total</b>			<b>8,705,302</b>	<b>2,119,743</b>

**11 Cash In Hand**

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Account	-	-
Operation Account	3,010	3,607
School Fund account	908,412	570,463
<b>Total</b>	<b>911,422</b>	<b>574,070</b>

**12 Short Term Investments**

Description	2022-2023	2021-2022
	Kshs	Kshs
Cooperative shares	-	-
Treasury Bills	-	-
Fixed deposit	-	-
Equity stock	-	-
Other investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



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Notes to the Financial Statements (continued)

13 Accounts Receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees arrears	30,402,721	29,341,650
Other non-fees receivables		
Salary advances	69,000	27,000
Imprest		
<b>Total</b>	<b>30,471,721</b>	<b>29,368,650</b>

13 b Ageing Analysis of Fees Arrears

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Fees arrears for current year	5,940,118	20%	5,393,300	18%
Fees arrears for the previous year	2,996,191	10%	1,917,054	7%
Fees arrears for prior periods (over two years)	21,466,412	71%	22,031,296	75%
<b>Total (should tie to note 13 a)</b>	<b>30,402,721</b>	<b>100%</b>	<b>29,341,650</b>	<b>100%</b>

14 Accounts Payable

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	11,001,057	8,624,711
Unremitted Payroll Deductions	18,330	73,814
Prepaid fees	43,497	1,261,288
KNEC Exams Fees	158,200	158,200
<b>Total</b>	<b>11,221,084</b>	<b>10,118,013</b>

14a. Ageing Analysis of Accounts Payable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Trade creditors for current year	6,555,555	58%	4,622,138	46%
Trade creditors for the previous year	3,128,836	28%	3,845,767	38%
Trade creditors for prior periods (over two years)	1,536,693	14%	1,650,108	16%
<b>Total (should tie to note 14)</b>	<b>11,221,084</b>	<b>100%</b>	<b>10,118,013</b>	<b>100%</b>



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15 Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank balances	2,119,743	2,156,984
Cash balances	574,070	144,318
Short Term Investments		
Receivables	29,368,650	29,139,708
Payables	(10,118,013)	(9,889,071)
<b>Total</b>	<b>21,944,450</b>	<b>21,551,939</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.

**16 Non-current Liabilities Summary**

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Loans	1,815,650	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
Others (specify)	-	-
<b>Total</b>	<b>1,815,650</b>	<b>-</b>

**17 Biological assets**

Description	Numbers	2022-2023	2021-2022
		Kshs	Kshs
Cattle – Dairy Cattle	(2023: 7) & (2022:5)	658,000	450,000
Cattle – Heifer Calf	(2023: 1) & (2022:3)	35,000	90,000
Sheep	(2023: 11) & (2022:17)	39,600	54,923
Trees – Mature Cypress	(2023: 692) & (2022:690)	6,920,000	6,900,000
Trees – Premature Cypress	(2023: 3) & (2022:9)	600	1,800
<b>Total</b>		<b>7,653,200</b>	<b>7,496,723</b>

**18 Borrowings**

Description	2022-2023	2021-2022
Borrowings at beginning of the year	-	-
Borrowings during the year	2,329,504	-
Repayments during the year	- 513,854	-
<b>Balance at the end of the year</b>	<b>1,815,650</b>	<b>-</b>





Other important disclosure notes

19 Stock/ Inventory

Description	2022-2023	2021-2022
	KShs	KShs
Stock/ inventory at beginning of the year	1,377,500	300,000
Stock/ inventory purchased during the year	8,400,000	7,877,500
Stock/ inventory issued during the year	(8,610,000)	(6,800,000)
<b>Balance at end of the year</b>	<b>1,167,500</b>	<b>1,377,500</b>



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**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)

*Aspenia*

Sign and Date  
Principal



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12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2022-2023	2021-2022	
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction Of Buildings</b>						BES
KCB Bank- LPG Project	2,329,504	2023	318,079	2,011,425	-	Other Vote Heads
Gaston Kenya Limited	30,624	2023	-	30,624	-	
<b>Sub-Total</b>	<b>2,360,128</b>		<b>318,079</b>	<b>2,042,049</b>	<b>-</b>	
<b>Supply Of Goods</b>						
Albert Koilege	219,000		-	219,000		
Joseph Kipserem	774,500		-	774,500		
Bernard Kiyeng	176,800		-	176,800		
Margaret Akinyi	226,480		-	226,480		
Moi's Bridge Dairy	390,000		-	390,000		
Paul Kibet Saina	448,400		-	448,400		
Kikogei Korir	250,000		-	250,000		
David Kimetto	500,000		-	500,000		
Herbert Kimutai	237,000		-	237,000		
Pishoni General Supplies	464,000		-	464,000		
Moses Tindi	259,865		-	259,865		
Hjacob Kirop	37,434		-	37,434		
Peter Suter	79,400		-	79,400		
<b>Sub-Total</b>	<b>4,062,879</b>		<b>-</b>	<b>4,062,879</b>		
<b>Supply Of Services</b>						
Ceramic Enterprises	230,000		-	230,000		
<b>Sub-Total</b>	<b>230,000</b>		<b>-</b>	<b>230,000</b>		
<b>Grand Total</b>	<b>6,653,007</b>		<b>318,079</b>	<b>6,334,928</b>		



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

Asset Class	Date purchased	Location	Historical Cost b/f - 1st July 2022	Additions during the year	Disposals during the year	Historical Cost c/f - 30th June 2023
			(Kshs)	(Kshs)	(Kshs)	(Kshs)
Land 1	1984	Moiben / Kuserwo				
LPG Gas Project	2022	Moiben / Kuserwo	-	2,911,880	-	2,911,880
Motor Vehicles	2005	Schol	15,400,000	-	-	15,400,000
Office Equipment, Furniture And Fittings						
ICT Equipment, And Other ICT Assets						
Tools And Apparatus						
Textbooks						
Other Machinery And Equipment						
Heritage And Cultural Assets						
Intangible Assets- Soft Ware						
<b>Total</b>			<b>15,400,000</b>	<b>2,911,880</b>	<b>-</b>	<b>18,311,880</b>

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





1871-1872

1873-1874

1875-1876

1877-1878

1879-1880

1881-1882