

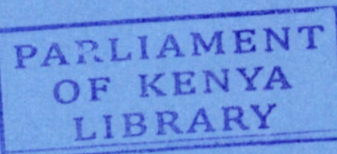
REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

OF




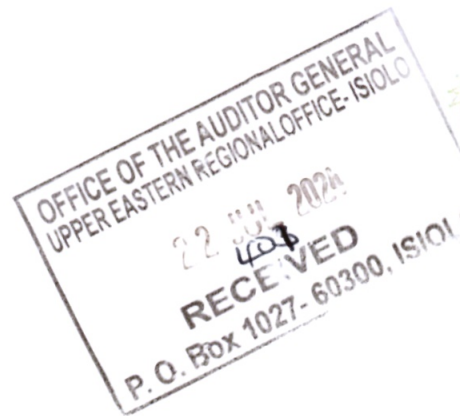
## THE AUDITOR-GENERAL

ON

## GATEI MIXED SECONDARY SCHOOL

### FOR THE YEAR ENDED 30 JUNE, 2023

 THE NATIONAL ASSEMBLY PAPERS LA	
<b>KIAMBU COUNTY</b>	
DATE:	19 NOV 2024 TUESDAY
TABLED BY:	HON. OWEN BAYA DEPUTY MAJORITY LEADER
CLERK-AT-THE-TABLE:	INZOFU MWALE



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**GATEI MIXED 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. 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 Kambu County, Gatundu North Sub-County.

The school was registered in 2011 under registration number 22800300600 and is currently categorized as a Sub county public school established, owned or operated by the Government.

The school is a day school and had 169 number of students as at 30<sup>th</sup> June 2023. It has 4 streams and 10 teachers of which 4 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:

<b>Ref:</b>	<b>Name of Board Member</b>	<b>Designation</b>	<b>Date of appointment</b>
1	Gabriel Chege	Chairman	22/5/2022
2	Bernard Waithaka	Secretary - Principal	22/5/2022
3	Francis Kiarie	Member	22/5/2022
4	Alice Mumbi	Member	22/5/2022
5	Joseph Nganga	Member	22/5/2022
6	Authur Njuguna	Member	22/5/2022
7	Isaac Muiru	Member	22/5/2022
8	Stephen Ondiek	Member - Rep CEB	22/5/2022
9	Silvana Maina	Member - \Rep Teachers	22/5/2022
10	Mary Njoki Clement Kariuki John Muhia	Sponsors	22/5/2022
11	Susan Njeri	Member - Community	22/5/2022
12	Eunice Njeri	Member Special Needs	22/5/2022
13	Peris Wambui	Rep Students	22/5/2022

**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**

<b>Ref:</b>	<b>Name of Committee</b>	<b>Names of Members</b>	<b>Designation</b>	<b>Number of meetings attended during the year</b>
1	Executive Committee	Gabriel Chege Francis Kamau Authur Kimani Eunice Nyambura Bernard Mburu	Chairman Vice Chair Member Member Secretary	2 out of 2
2	Audit Committee	Gabriel Chege Alice Mumbi Isaac Muiru Authur Kimani	Chairman Member Member Member	0
3	Finance, procurement and General Purposes Committee	Silvanna Maina Bernard Waithaka Mary Njoki Benjamin Gaitho	Teacher Rep Secretary Member Deputy Pri.	1 out of 1
4	Academic Committee	Bernard Mburu Silvanna Maina Hannah Wambui Joseph Nganga	Principal Teacher Member Member	3 out of 3
5	Development Committee	Francis Kamau Joseph Nganga Benjamin Gaitho John Muhia Susan Njeri	Vice Chair Member Deputy Pri. Member Member	1 out of 1
6	Discipline and Welfare Committee	Benjamin Gaitho Francis Kamau Susan Njeri	Deputy Pri. Member Member	5 out of 5
7	Adhoc Committee (if any during the year)			

**(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	Bernard Waithaka	TSC No.284,005
2	Deputy Principal	Benjamin Gaitho	TSC No. 351,032
3	School Bursar	-	ICPAK No.

**(e) Schools contacts**

Post Office Box: 152 KANJUKU  
Telephone: 0759 212 344 / 0718 788 855  
E-mail: gateisecondaryschool@gmail.com

**(f) School Bankers**

1. Name of Bank: FAMILY BANK - Operation Account  
Branch: GATUNDU  
Account No: 004000017665.
2. Name of Bank: FAMILY BANK - Tuition Account  
Branch: GATUNDU  
Account No: 004000017666.
3. Name of Bank: FAMILY BANK  
Branch: GATUNDU  
Account No: 004000033721.
4. Name of Bank: FAMILY BANK  
Branch: GATUNDU  
Account No: 004000023932.

**(g) Independent Auditors**

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

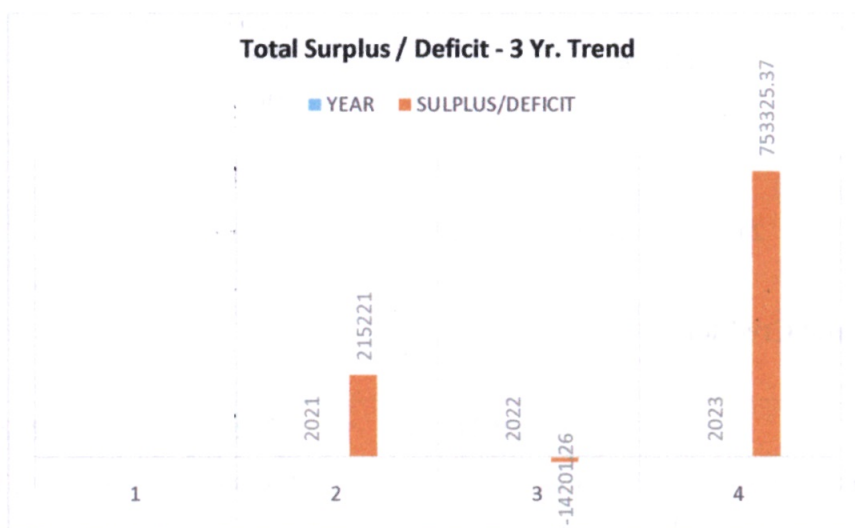
**2. Summary Report of Performance of the School**

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

**a) Financial performance:**

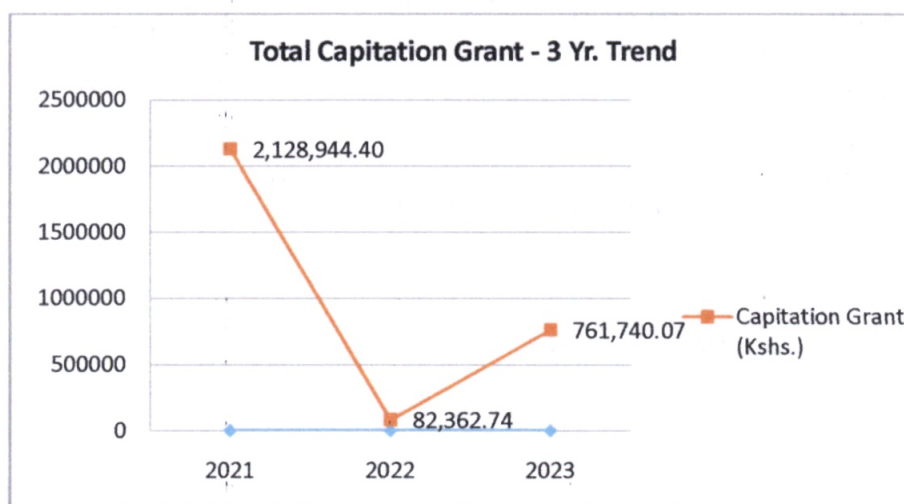
**(i) Surplus/Deficit**

Year	2021	2022	2023
Sulplus/Deficit (Kshs.)	215,221.00	(14,201.26)	753,325.57



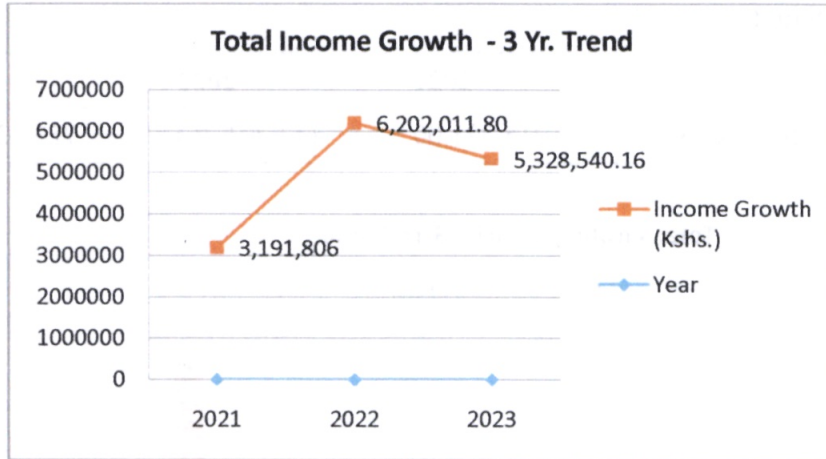
**(ii) Capitation Grant**

Year	2021	2022	2023
Capitation Grant (Kshs.)	2,128,944.40	82,362.74	761,740.07



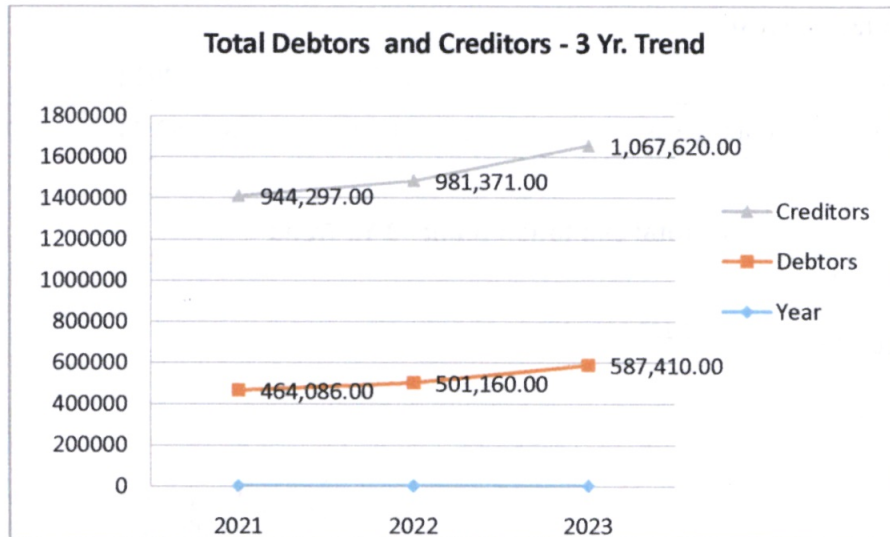
**(iii) Other Income / Lunch programme**

Year	2021	2022	2023
Other Income (Kshs)	3,191,806	6,202,011.80	5,328,540.16



**(iv) Debtors and Creditors**

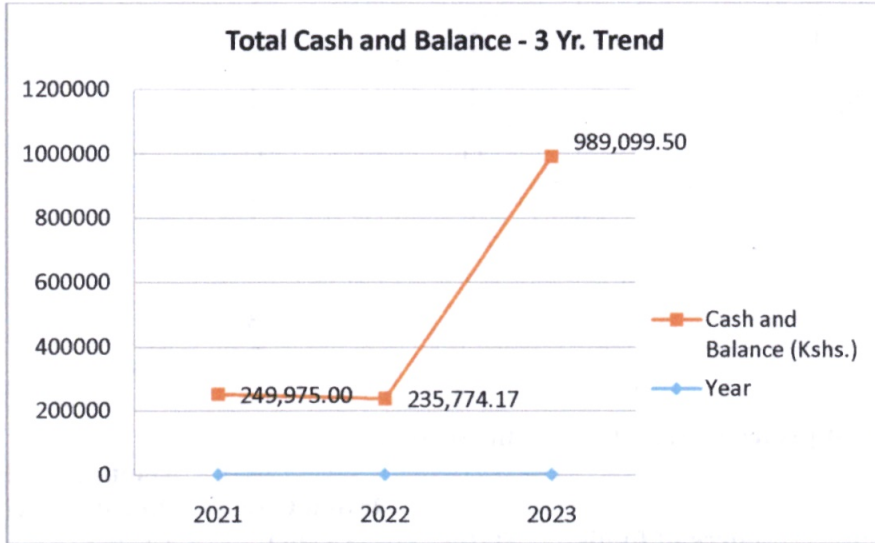
Year	2021	2022	2023
Debtors (Kshs)	464,086.00	501,160.00	587,410.00
Creditors (Kshs)	944,297.00	981,371.00	1,067,620.00





**(vii) Cash and Bank Balance**

Year	2021	2022	2023
Cash & Bank Balance (Kshs.)	249,975.00	235,774.17	989,099.50



**b) Teacher Student ratio:**

YEAR	2023	2022
Teacher/student ratio	12:1	20.1
No.of teachers recruited and posted	1	2
No. of teachers transferred	0	1
No. of teachers employed by TSC	8	6
No. of teachers employed by BOM	4	3
Shortage of teachers	2	2
Teacher combination in shortage	Geo/Agri/Bio	Geo/Agri/Bio

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

Year	2023	2022
Mean score	3.32	3.54
Number of candidate	47	54

**d) Capacity of the school**

<b>Year</b>	<b>2023</b>	<b>2022</b>
Number of students	169	181
Dormitories	0	0
Dinning hall	1	0
Laboratory	1	1
Toilets	11	11
Kichen	1	1
Classes	6	6
<b>Offices</b>	<b>4</b>	<b>3</b>

**e. Development projects carried out by the school:**

<b>Projects</b>	<b>Source of funds</b>	<b>Status</b>	<b>Initial Cost (Kshs)</b>	<b>Amount Spent (Kshs)</b>	<b>Expected completion time</b>
Renovation of laboratory	Government infrastructure fund	On going	850,000.00	479,866.03	30/6/24

Sign .....  
  
**School Principal**



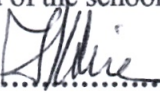
**3. Statement of School Management Responsibility**

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 *GATEI MIXED 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:** GABRIEL CHEGE  
**Designation:** Chairman, School Board of Management  
**Date:** 12/6/2024

  
.....

**Name:** BERNARD WAITHAKA  
**Designation:** School Principal & Secretary to Board of Management  
**Date:** 12/6/2024

.....  
**Name:**  
**Designation:**  
**Date:**



# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON GATEI MIXED SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 - KIAMBU 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 the Government achieves value for money and that such funds are applied for the intended purpose
- C. Report on the 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, risk management environment and 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 regulation 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 Gatei Mixed Secondary School – Kiambu County set out on pages 1 to 14, which comprise of the statement of assets

and liabilities as at 30 June, 2023, statement of receipts and payments, statement of cash flows and statement of comparison of budget 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 Gatei Mixed Secondary School – Kiambu 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. Long Outstanding Students' Accounts Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.587,410 in respect of fees arrears as disclosed in Note 13 to the financial statements. Included in the balance are receivables amounting to Kshs.285,160 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 and full recoverability of the outstanding receivables balance of Kshs.587,410 could not be confirmed.

#### **2. Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects bank balance of Kshs.986,965 as disclosed in Note 10 to the financial statements. Included in this balance are tuition account and school fund account balances of Kshs.3,697 and Kshs.84,593, respectively. However, the bank balances were not supported by bank reconciliation statements.

In the circumstances, the accuracy and completeness of bank balance of Kshs.986,965 could not be confirmed.

#### **3. Unsupported Accounts Payables**

Note 14 to the financial statements reflects trade payables amounting to Kshs.908,920 as at 30 June, 2023. However, supporting documents regarding work done, goods delivered or services rendered, invoices, local purchase/service orders, certificates of completion, evidence of delivery and suppliers' statements were not provided for audit review.

In the circumstances, the accuracy, existence and completeness of pending accounts payable as disclosed in the financial statements could not be confirmed.

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

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matter(s) 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. Lack of an Approved Budget**

Management of the School did not provide approved budget estimates to indicate the estimated revenue and expenditure for the year under review-2022/2023 contrary to Section 16 (1) of Part 1 of the Fourth Schedule of the Basic Education Act, 2013 which states that a Board of Management of a public institution of basic education shall prepare annual estimates of revenue and expenditure for the institution under its charge, in such form and such times as the Cabinet Secretary shall prescribe. The basis of the expenditure of Kshs.4,575,215 incurred by the entity could, therefore, not be ascertained.

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

#### **2. Lack of Annual Procurement Plan**

The statement of receipts and payments reflects an amount of Kshs.5,328,540 and Kshs.4,575,215 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity

prepare a procurement plan for each financial year as part of the annual budget preparation process’.

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

### **3. Late Submission of Financial Statements to the Auditor-General**

During the year under review, Management submitted the financial statements to the Auditor-General on 29 February, 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, 2023 in compliance which 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.

### **4. Lack of a Fixed Assets Register**

The School’s financial statements in Annex 2 reflect a fixed assets balance of Kshs.30,477,000. However, it was observed that the School does not maintain an asset register to record and track its assets contrary to PFM Act, 2015 section136. (1) which requires that an Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession.

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

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

The statement of receipts and payments reflects payments for operations amount of Kshs.1,924,171 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.490,500 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.490,500 could not be confirmed.

### **6. Frequency of Board Meetings and Board Committees**

During the financial year 2022-2023, the School Board of Management met only once, on 27 July, 2022 contrary to the provisions of Section 6(1) of the Fourth Schedule of the Basic Education Act, 2013, which requires that a Board of Management shall meet at least once every four (4) months.

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

The audit was conducted in accordance with ISSAIs 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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Appoint School Bursar**

During the period under review, the School employed an accounts clerk on a casual basis instead of appointing a full-time bursar to maintain the books of accounts. This arrangement resulted in the accounts clerk not being fully available to oversee day-to-day cash management, including handling cash payables and receivables, maintaining organized tuition records and managing receipt files, among other responsibilities.

In the circumstances, the efficiency and effectiveness of the School's accounts department could not be confirmed.

#### **2. Lack of Automation of Key Processes**

The audit noted that the School majorly relies on a manual system for processing and record keeping and is thus exposed to risks associated with manual record keeping such as; errors in processing, inaccurate financial reporting, manipulation of records and lack of data integrity and confidentiality.

In the circumstance, the efficiency and effectiveness of the manual system for processing and record keeping 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 Board of Management**

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

In preparing the financial statements, Management is responsible for assessing the school ability to continue as a going concern, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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**

**27 September, 2024**

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

Description Of Vote Head	Note	2023 Kshs.	2022 Kshs.
<b>RECEIPTS</b>			
Government grants for tuition	1	396,230.36	597,709.40
Government grants for operations	2	1,101,819.80	1,549,502.00
Government Grants for infrastructure	3	1,712,000.00	1,054,000.00
School fund income- parents' contributions	4	2,118,490.00	2,879,800.00
School Fund income- Other receipts	5	-	121,000.00
<b>Total Receipts</b>		<b>5,328,540.16</b>	<b>6,202,011.80</b>
<b>PAYMENTS</b>			
Tuition	6	699,154.46	1,224,482.00.00
Operations	7	1,924,171.20	3,152,532.06
Infrastructure	8	479,866.13	00
Boarding and school fund	9	1,472,023.00	1,839,199.00
<b>Total Payments</b>		<b>4,575,214.80</b>	<b>6,216,213.10</b>
<b>SURPLUS/DEFICIT</b>		<b>753,325.40</b>	<b>(14,201.30)</b>

The school financial statements were approved on 12/6/2024 and signed by:

Sign: 

**Name:** GABRIEL CHEGE  
*Chair BOM*

**Date:** 12/6/ 2024

Sign: 

**Name:** BERNARD WAITHAKA  
*School Principal/  
Secretary to BOM*

**Date:** 12/6/ 2024

Sign:   
**Name:** *Bursar/ Finance Officer*  
**Date:** 12 JUN 2024  
GATEI MIXED SECONDARY SCHOOL  
PRINCIPAL  
BOX 152 - 01004, KANJUKU

6. Statement of Assets and Liabilities As At 30<sup>th</sup> June 2023

Description	Note	2023 Kshs.	2022 Kshs.
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank balances	10	986,965.50	118,033.17
Cash balances	11	2,134.00	117,741.00
Short term investments	12		
<b>Total Cash and Cash Equivalent</b>		<b>989,099.50</b>	<b>235,774.17</b>
Account's receivables	13	587,410.00	501,160.00
<b>Total Financial Assets</b>		<b>1,576,509.50</b>	<b>736,934.17</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts payables	14	1,067,620.96	981,371.00
<b>NET FINANCIAL ASSETS</b>		<b>508,888.54</b>	<b>(244,436.83)</b>
<b>REPRESENTED BY</b>			
Accumulated fund b/fwd	15	(244,436.83)	(230,235.57)
Surplus/deficit for the year		753,325.37	(14,201.26)
<b>NET FINANCIAL POSITION</b>		<b>508,888.54</b>	<b>(244,436.83)</b>

The school financial statements were approved on 12/6/2024 and signed by:

Sign: 

Name: GABRIEL CHEGE  
Chair BOM

Date: 12/6/ 2024

Sign: 

Name: BERNARD WAITHAKA  
School Principal/  
Secretary to BOM

Date: 12/6/ 2024

Sign:   
Name:   
Bursar/  
Finance Officer



Date:

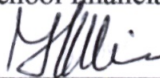
7. Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2023


Description	Note	2023 Kshs.	2022 Kshs.
<b>Cash from Operating Activities</b>			
<b>RECEIPTS</b>			
Government grants for tuition		396,230.36	597,709.00
Government grants for operations		1,101,819.80	2,603,502.10
Government grants for infrastructure		1,712,000.00	-
School fund income- parents contributions/ fees		2,118,490.00	2,879,900.00
Other income			121,000.00
<b>Total Receipts</b>		<b>5,328,540.16</b>	<b>6,202,111.50</b>
<b>PAYMENTS</b>			
Cash outflows for tuition		699,154.46	1,224,482.00
Cash outflows for operations		1,924,171.20	2,238,746.76
Infrastructure		479,866.13	
Cash outflows Boarding/lunch and school fund payments		1,472,023.00	1,839,199.00
<b>Total Payments</b>		<b>4,575,214.79</b>	<b>5,302,427.76</b>
<b>NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES</b>		<b>753,325.37</b>	<b>899,683.74</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of assets		-	(913,885.00)
<b>NET CASH INFLOW/OUTFLOWS FROM INVESTING ACTIVITIES</b>		<b>753,325.37</b>	<b>(14,201.26)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>753,325.37</b>	<b>(14,201.26)</b>
<b>Cash and cash equivalent at beginning of the FY2023</b>		<b>235,774.17</b>	<b>249,975.43</b>
<b>Cash and cash equivalent at end of the FY2023</b>		<b>989,099.50</b>	<b>235,774.17</b>

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

*The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools should therefore adopt the direct method of cash flow as recommended by PSAS).*

The school financial statements were approved on 12/6/2024 and signed by:

Sign:   
Name: GABRIEL CHEGE  
Chair BOM

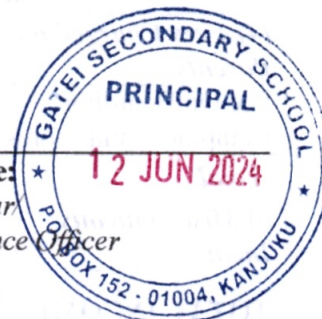
Sign:   
Name: BERNARD WAITHAKA  
School Principal/  
Secretary to BOM

Sign:   
Name: \* 12 JUN 2024  
Bursar/  
Finance Officer

Date: 12/6/ 2024

Date: 12/6/ 2024

Date:



8. 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	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
<i>(1) Capitation Grant on Tuition</i>					
Reference Materials	8,000.00		8,000.00	5,000.00	63%
Exercise Books	100,000.00		100,000.00	81,238.50	81%
Laboratory Equipment	150,000.00		150,000.00	126,616.11	84%
Internal Exams	40,000.00		40,000.00	34,882.00	87%
Teaching / Learning Materials	200,000.00		200,000.00	148,493.75	74%
<b>Total</b>	<b>498,000.00</b>	<b>0.00</b>	<b>498,000.00</b>	<b>396,230.36</b>	<b>80%</b>
<i>(2) Capitation Grant on Operations</i>					
Personnel Emoluments	900,000.00		900,000.00	615,828.80	68%
Local Transport / Travelling	100,000.00		100,000.00	10,000.00	10%
Electricity And Water	50,000.00		50,000.00	10,000.00	20%
Medical				54,160.00	
Administration Costs	400,000.00		400,000.00	309,831.00	77%
Activity	100,000.00		100,000.00	72,000.00	72%
<b>Total</b>	<b>1,550,000.00</b>		<b>1,550,000.00</b>	<b>1,071,819.80</b>	<b>69%</b>
<i>3) FDSE for infrastructure</i>					
Maintenance & Improvement MoE	850,000.00		850,000.00	712,000.00	84%
Transition Infrastructure Grants				1,000,000.00	
<b>Total</b>	<b>850,000.00</b>		<b>850,000.00</b>	<b>1,712,000.00</b>	<b>201%</b>
<i>(4) Fees Charged on Parents</i>					
Fee On Boarding Equipment and Stores	1,785,500.00		1,785,500.00	2,013,290.00	113%
<b>Total</b>	<b>1,785,500.00</b>		<b>1,785,500.00</b>	<b>2,013,290.00</b>	<b>113%</b>
<i>5) Miscellaneous Income</i>					
	-		-	-	
<b>TOTAL INCOME</b>	<b>4,683,500.00</b>		<b>4,683,500.00</b>	<b>5,193,340.16</b>	<b>111%</b>

**GATEI MIXED 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	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>(6) Expenditure For Tuition</b>					
Textbooks	8,000.00		8,000.00	5,100.00	64%
Exercise Books	100,00.00			185,150.00	
Laboratory Equipment	150,000.00		150,000.00		0%
Internal Exams	40,000.00		40,000.00	24,000.00	60%
Teaching / Learning Materials	200,000.00		200,000.00	211,650.00	106%
Administration Costs				254.46	
<b>Total</b>	<b>398,000.00</b>		<b>398,000.00</b>	<b>426,154.46</b>	<b>107%</b>
<b>(7) Expenditure For Operations</b>					
Personnel Emoluments	900,000.00		900,000.00	956,532.00	106%
Repairs, Maintenance & Improvements				103,420.00	
Local Transport / Travelling	100,000.00		100,000.00	53,000.00	53%
Electricity, Water and Conservancy	50,000.00		50,000.00	7,200.00	14%
Administration Costs	400,000.00		400,000.00	663,119.60	166%
<b>Total</b>	<b>1,450,000.00</b>		<b>1,450,000.00</b>	<b>1,783,271.60</b>	<b>123%</b>
<b>(8) Expenditure For infrastructure</b>					
Construction of LAB	850,000.00		850,000.00	479,866.03	56%
<b>Total</b>	<b>850,000.00</b>		<b>850,000.00</b>	<b>479,866.03</b>	<b>56%</b>
<b>(9) Expenditure For school fund/ lunch/ boarding</b>					
Lunch Programme	1,785,500.00		1,785,500.00	1,738,228.00	97%
<b>Total</b>	<b>1,785,500.00</b>		<b>1,785,500.00</b>	<b>1,738,228.00</b>	<b>97%</b>
<b>TOTAL PAYMENTS</b>	<b>4,483,500.00</b>		<b>4,483,500.00</b>	<b>4,427,520.09</b>	<b>99%</b>



## 9. Significant Accounting Policies

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

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

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

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

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

### 2. Recognition of receipts and payments

The *school* recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the *school*. In addition, the *school* recognises all expenses when the event occurs, and the related cash has actually been paid out by the *school*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

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

10. Notes To The Financial Statements

1 Government Grants for Tuition

Description	2023 Kshs.	2022 Kshs.
Reference Materials	5,000.00	-
Exercise Books	81,238.50	110,000.00
Laboratory Equipment	126,616.11	200,000.00
Internal Exams	34,493.75	76,000.00
Teaching / Learning Materials	148,882.00	195,709.40
Others ( <i>specify</i> )*	-	16,000.00
<b>Total</b>	<b>396,230.36</b>	<b>597,709.40</b>

2 Government Grants for Operations

Description	2023 Kshs.	2022 Kshs.
Personnel Emoluments	615,828.80	888,000.00
Local Transport / Travelling	10,000.00	60,000.00
Electricity And Water	10,000.00	60,000.00
Medical	54,160.00	34,200.00
Administration Costs	309,831.00	457,302.10
Activity	102,000.00	50,000.00
<b>Total</b>	<b>1,101,819.80</b>	<b>1,549,502.10</b>

3 Government Grants for infrastructure

Description	2023 Kshs.	2022 Kshs.
Maintenance & Improvement	712,000.00	1,054,000.00
<b>Total</b>	<b>1,712,000.00</b>	<b>1,054,000.00</b>

4 School Fund Income - Parents Contribution/Fees

Description	2023 Kshs.	2022 Kshs.
Fee on Boarding Equipment and stores	2,118,490.00	2,879,800.00
<b>Total</b>	<b>2,118,490.00</b>	<b>2,879,800.00</b>

5 School Fund Income- Other Receipts

Description	2023 Kshs.	2022 Kshs.
Bursary	-	121,000.00
<b>Total</b>	<b>-</b>	<b>121,000.00</b>

Notes to the Financial Statements (continued)

6 Tuition

Description	2023 Kshs.	2022 Kshs.
Exercise Books	185,150.00	41,000.00
Textbooks	-	930,725.00
Reference materials	5,100.00	-
Teaching / Learning Materials	203,500.00	214,307.00
Exams And Assessment	24,000.00	22,210.00
Teachers Guides	8,150.00	8,000.00
Chalks	-	8,000.00
Bank Charges	254.46	240.00
Creditors	273,000.00	-
<b>Total</b>	<b>699,154.46</b>	<b>1,224,482.00</b>

7 Operations

Description	2023 Kshs.	2022 Kshs.
Personnel Emoluments	937,532.00	1,160,542.00
Administration Cost	663,119.60	730,711.76
Repairs And Maintenance & Improvements	103,420.00	88,665.00
Local Transport / Travelling	53,000.00	51,900.00
Electricity And Water	7,200.00	28,540.00
Medical	-	1,070.00
Activity Expenses	105,530.00	99,000.00
Creditors	54,370.00	69,990.00
<b>Total</b>	<b>1,924,171.20</b>	<b>2,230,418.76</b>

8 Infrastructure

Description	2023 Kshs.	2022 Kshs.
Construction of classrooms	-	922,213
Construction of laboratory	479,866.03	
<b>Total</b>	<b>479,866.03</b>	<b>922,213.00</b>

Notes to the Financial Statements (continued)

9 Boarding and School Fund

Description	2023 Kshs.	2022 Kshs.
Fee On Boarding Equipment and Stores	1,399,884.00	1,183,639.00
Bank Charges	4,344.00	6,560.00
Creditors	67,795.00	649,000.00
<b>Total</b>	<b>1,472,023.00</b>	<b>1,839,199.00</b>

10 Bank Accounts

Account Name & Currency	Status (Active/Dormant)	Bank Account Number	2023 Kshs.	2022 Kshs.
Tuition Account	Active	004000017665	3,697.01	19,271.11
Operations Account	Active	004000017666	898,374.03	(28,196.53)
School Fund Account/Boarding	Active	004000023932	84,592.59	125,826.59
Infrastructural Account	Active	00400003372	301.87	1,132.00
<b>Total</b>			<b>986,965.50</b>	<b>118,033.17</b>

11 Cash In Hand

Description	2023 Kshs.	2022 Kshs.
Notes and Coins	2,134.00	117,741.00
<b>Total</b>	<b>2,134.00</b>	<b>117,742.00</b>

12 Short Term Investments

13 Accounts Receivable

Description	2023 Kshs.	2022 Kshs.
Fees Arrears	587,410.00	501,160.00
<b>Total</b>	<b>587,410.00</b>	<b>501,160.00</b>

13(b). Ageing Analysis of Accounts Receivable

Description	2023		2022	
	Kshs.	% of the total	Kshs.	% of the total
Less than 1 year	101,450.00	82 %	216,000.00	43 %
Between 1- 2 years	200,800.00	18 %	-	-
Between 2-3 years	128,000.00	44 %	125,160.00	25%
Over 3 years	157,160.00	38 %	160,000.00	32%
<b>Total (should tie to note 13 a)</b>	<b>587,410.00</b>	<b>100 %</b>	<b>501,160.00</b>	<b>100%</b>

Notes to the Financial Statements (continued)

14 Accounts Payable

Description	2023 Kshs.	2022 Kshs.
Trade Creditors (See Ageing Below and Appendix 1)	908,920.00	740,271.00
Prepaid Fees	6,000.00	88,400.00
Caution money	152,700.00	152,700.00
<b>Total</b>	<b>1,067,620.96</b>	<b>981,371.00</b>

14(a). Ageing Analysis of Accounts Payable

Description	2023		2022	
	Kshs.	% of the total	Kshs.	% of the total
Less than 1 year	553,000.00	61%	710,263	72%
Between 1- 2 years	210,263.00	23%	-	-
Between 2-3 years	145,657.00	16%	271,108.00	28%
	<b>908,920.00</b>	<b>100%</b>	<b>981,371.00</b>	<b>100%</b>

15 Fund Balance Brought Forward

Description	2023 Kshs.	2022 Kshs.
Bank Balances	986,965.25	118,033.17
Cash Balances	2,134.00	117,741.00
Receivables	587,410.00	501,160.00
Payables	(1,067,620.96)	(981,371.00)
<b>Total</b>	<b>508,888.54</b>	<b>(244,436.83)</b>

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

17 Biological assets

Description	Numbers	2023 Kshs	2022 Kshs
Trees			
<b>Total</b>			

Notes to the Financial Statements (continued)

18 Stock/ Inventory

Description	2023 Kshs	2022 Kshs
Food stuffs	322,800.00	160,000.00
Lab consumables	128,400.00	40,000.00
Stationeries	23,600.00	29,310.00
<b>Total</b>	<b>474,800.00</b>	<b>229,310.00</b>

19 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)
	NONE			

Sign and Date  
 Principal



11. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Comparative FY	Outstanding Balance Current FY 2023	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Sub-Total</b>						
<b>Supply Of Goods</b>						
1. Jackitos enterprises					489,350.00	
2. Mbombo cereals					88,400.00	
3. Cation money					152,700.00	
4. Prepaid					6,000.00	
5. Wama Bookshop					96,090.00	
6. Mzima technologies					97,905.00	
7. Meteoride services					75,675.00	
8. Guywan general					61,500.00	
<b>Total</b>					<b>1,067,620.00</b>	



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

<b>Asset Class</b>	<b>Date purchased</b>	<b>Location</b>	<b>Historical Cost b/f (Kshs) 1<sup>st</sup> July 2022</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost c/f (Kshs) 30<sup>th</sup> June 2023</b>
Land 1	4/5/2020	Kicanjo/Gatei/730	8,000,000			8,000,000
Buildings and structures	Diversed	Kicanjo/Gatei/730	15,500,000			15,500,000
Office equipment, furniture and fittings	20/7/2016	Office	2,500,000			2,500,000
ICT Equipment and other ICT Assets			286,000			286,000
Tools and apparatus	Diversed	Store/Lab	1,050,500			1,050,500
Textbooks	Diversed	Store/Students	2,180,500	400,000		2,580,500
Other Machinery and Equipment			450,000			450,000
Intangible assets – software		2019	110,000			110,000
<b>Total</b>			<b>30,077,000</b>	<b>400,000</b>		<b>30,477,000</b>