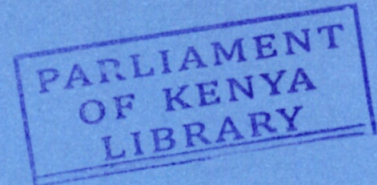


REPUBLIC OF KENYA



Enhancing Accountability

REPORT




OF

THE AUDITOR-GENERAL

ON

**GAKOE MIXED SECONDARY
SCHOOL**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 13 NOV 2022 TUESDAY	
TABLED BY:	HON OWEN BAYA DEPUTY MAJORITY LEADER
CLERK-AT-THE-TABLE:	INZOFU MWALE

KIAMBU COUNTY

OFFICE OF THE AUDITOR GENERAL
UPPER EASTERN REGIONAL OFFICE- ISIOLO
22 JUL 2024
400
RECEIVED
P. O. Box 1027- 60300, ISIOLO



**GAKOE MIXED SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

Table of Contents

	Page
I. KEY SCHOOL INFORMATION AND MANAGEMENT.....	ii
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL.....	v
III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY.....	x
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS OF GAKOE MIXED SECONDARY SCHOOL FOR THE YEAR ENDING 30 TH JUNE 2022.....	xi
V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30 TH JUNE 2022.....	1
VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30 TH JUNE 2022.....	2
VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 TH JUNE 2022.....	3
IX. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2022.....	4
X. SIGNIFICANT ACCOUNTING POLICIES.....	6
XI. NOTES TO THE FINANCIAL STATEMENTS.....	8

I. 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 located in Kiambu County Gatundu North Sub-County.

The school was registered in 5/11/2019 under registration number 22S00300431 and is currently categorized as a Sub-County public school established, owned or operated by the Government.

The school is a day/boarding school and has 239 number of students as at 30th June 2022 It has 1 stream and 12 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:

Ref:	Name of Board Member	Designation	Date of appointment
1	Rachel Kariuki	Chairperson	8/4/2022
2	Simon Kiruthi	Vice Chair	8/4/2022
3	Sammy Njagi	Secretary	8/4/2022
4	Rachel Karanja	Member	8/4/2022
5	Jane Chege	Member	8/4/2022
6	Edwin Mucheru	Member	8/4/2022
7	Mary Chege	Member	8/4/2022
8	Susan Mumbi	Member	8/4/2022
9	Hariet Nyaga	Member	8/4/2022
10	Alfred Kigaa	Member	8/4/2022
11	Peter Muritu	Member	8/4/2022
12	Joseph Njoroge	Member	8/4/2022
13	Rev. Joseph Gichia	Member	8/4/2022
14	Lucy Gachane	Member	8/4/2022
15	Grace Wambui	Student	8/4/2022

KEY SCHOOL INFORMATION AND MANAGEMENT

The function of the School Board of Management include:

- Promote the best interests of the school and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the School
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of pupils' discipline and make reports to the CEB
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB
- Administer and manage the resources of the school
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule paragraph 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	Rachel Kariuki Simon Kiruthi Sammy Njagi	Chairperson Vicechair Secretary	
2	Academic Committee	Rachel Kariuki Simon Kiruthi Sammy Njagi Lucy Gachane Alfred Kigaa Edwin Mucheru Rachel Karanja Harriet Nyaga	Chairperson Vicechair Principal Member Member Member Member Dean	

(d) School operation Management

For the financial year ended 30th June 2022 day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Sammy Njagi	261454
2	Deputy Principal	Alice Wambu	349460
3	School Bursar		

KEY SCHOOL INFORMATION AND MANAGEMENT

(e) Schools contacts

Post Office Box: 242-01004 KANJUKU
E-mail : gakoemixedsecondary@gmail.com

(f) School Bankers

1. Name of Bank : EQUITY BANK
Branch : GATUNDU
Account Number : 0660260795509
Tuition Account

2. Name of Bank : EQUITY BANK.
Branch : GATUNDU
Account Number : 00660260795495
Operation Account

3. Name of Bank : CO-OPERATIVE BANK
Branch : GATUNDU
Account Number : 01139279466200
School Fund Account

4. Name of Bank : EQUITY BANK
Branch : GATUNDU
Account Number: : 0660280120668
Infrastructure Account

(g) Independent Auditors

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

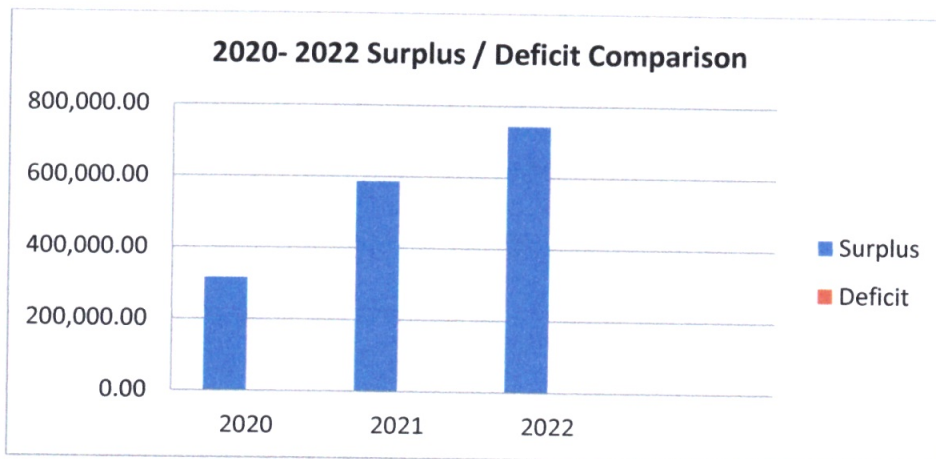
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) Financial performance:

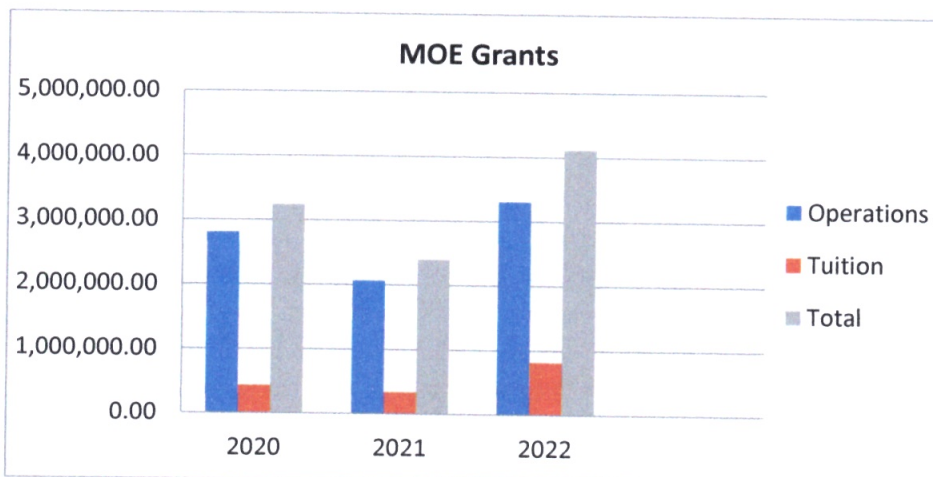
(i) Surplus / deficit for the year and comparison of the same for the last three years.

Year	Surplus	Deficit
2020	315,074.48	
2021	586,910.00	
2022	743,792.00	



(ii) Capitation Grants from MOE for the last three years

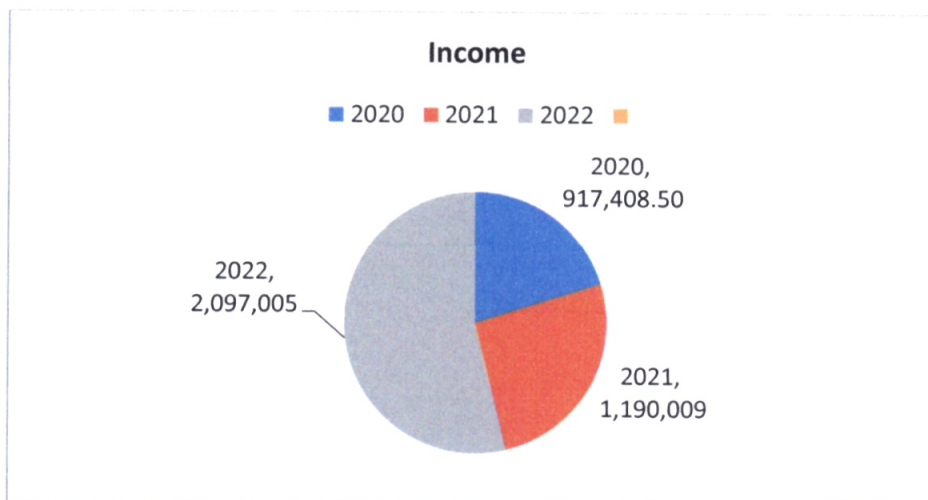
Account	2020	2021	2022
Operations	2,810,075.00	2,063,829.50	3,300,647.00
Tuition	428,295.00	334,119.75	817,043.00
Total	3,248,270.00	2,397,949.25	4,117,690.00



(iii) Ratio of capitation per student over the last three years.

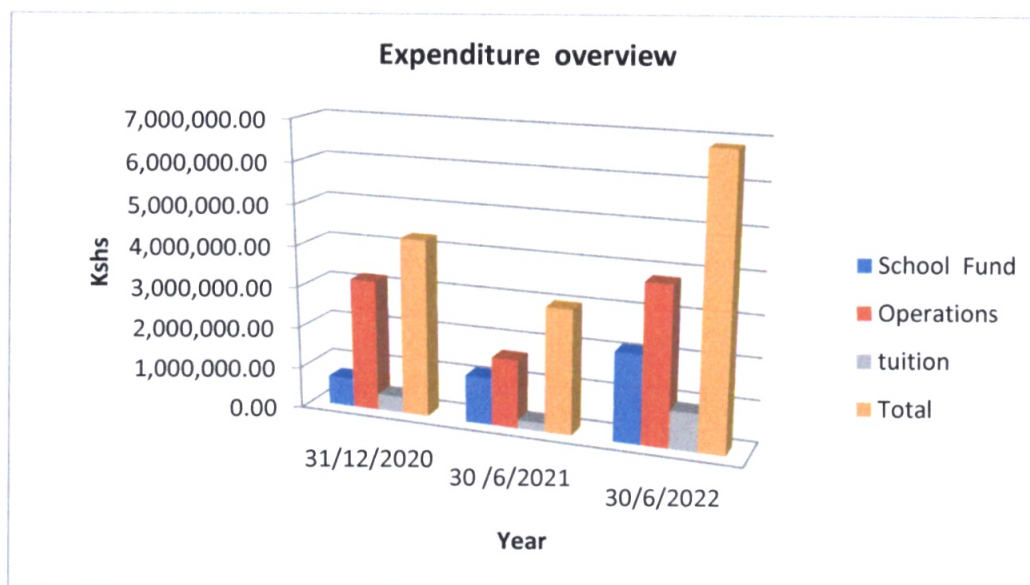
Year	Enrolment	Grant (Kshs)	Ratio
2020	239	3,248,270.00	1 : 13,591.10
2021	242	2,397,949.25	1: 9,909
2022	256	4,060,244.70	1: 16,085

(iv) Overview of other income generated in the past three years – School Fund Account



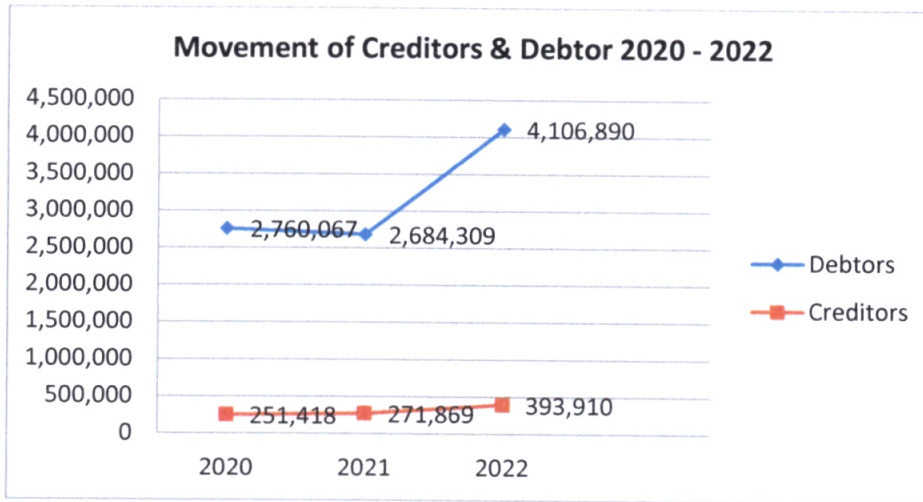
(v) Three years expenditure overview

	School Fund	Operations	Tuition	Total
31/12/2020	704,983.00	3,183,139.02	394,939.00	4,283,061.00
30 /6/2021	1,146,242.00	1,649,480.00	205,325.00	3,001,047.00
30/6/2022	2,131,484.00	3,808,405.00	910,014.00	6,849,903.00



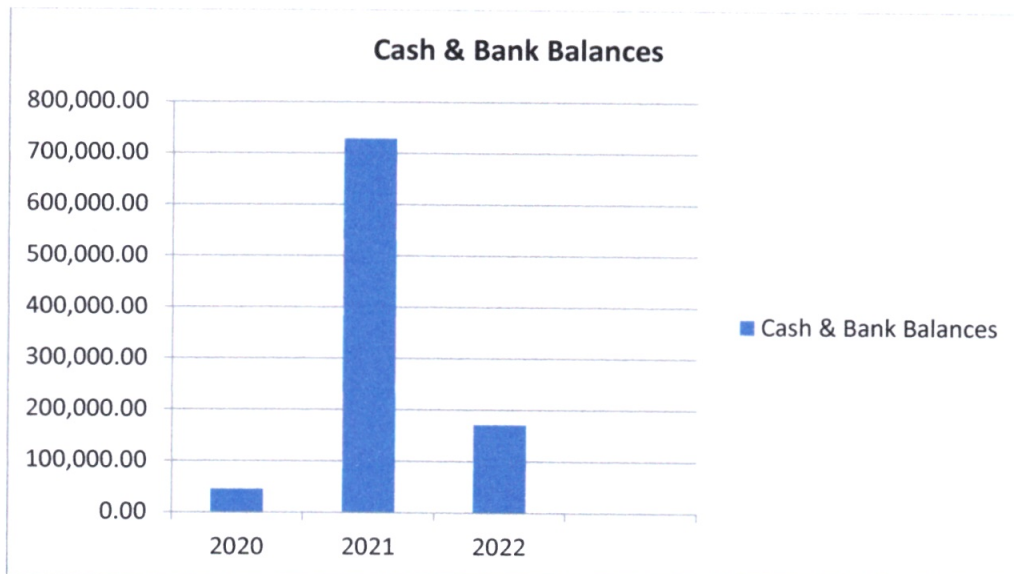
(vi) Movement of Debtors and creditors for the last three years

Year	Debtors	Creditors
2020	2,760,067	251,418
2021	2,684,309	271,869
2022	4,106,890	393,910



(vii) Movement of Cash and Bank balances for the last three years.

Year	Cash & Bank Balances
2020	44,966.65
2021	728,085.35
2022	171,337.56



b) Teacher Student ratio:

Total No. of teachers	12	6:6	There are 6 male and 6 female teachers (9 TSC & 3 BOM)
Total No. of students	268	137:130	There are 137 boys and 130 girls
Teacher to student ratio	12:268	1:22	The teacher to student ratio is 1:22
English/Literature	268	1:134	There are 2 English teachers (TSC)
Kiswahili	268	1:89	There are 3 Kiswahili teachers (2 TSC & 1BOM)
Mathematics	268	1:89	There are 3 maths teachers (1TSC AND 2 BOM)
Chemistry	268	1:134	There are 2 Chem teachers(1TSC AND 1 BOM)
Biology	51	1:111	There are 2 Biology teachers (2 TSC)
Agriculture	40	1:202	There is 1 Agriculture teacher(TSC)
History	33	1:83	There are 3 History teachers(2TSC & 1BOM)
C.R.E	51	1:268	There is 1 CRE teacher (TSC)
B/studies	11	1:105	There are 2 BST teacher(1 TSC & 1BOM)
Geography	18	1:161	There is 1 Geo teacher(1TSC)
Physics	NIL	1:186	There is 1 Phyc teacher(TSC)
Total No. of teachers	12	6:6	There are 6 male and 6 female teachers(9 TSC & 3 BOM)

c) Mean score in the 2022.KCSE:

Year	Target	Mean Score	Total Students	Students To Higher Levels	Comments
2021	3.0	2.394	66	NONE	IMPROVED
2022	3.0	2.750	64	NONE	IMPROVED

d) Number of Candidates in the 2022 KCSE:

Year	No. of Candidates	Difference/Comment
2020	51	
2021	66	
2022	64	

e) Capacity of the school:

The population as at 31st June 2022 was 256 students. The school lacks facilities such as classes, dining hall, laboratory and toilets.

Item	Available	Required	Variance	Comment
Classes	6	8	2	Two more classes require
Dining Hall	Nil	1	1	A dining hall is needed
Laboratory	1	1	1	One lab for physics is required
Toilets	20	5	5	Boys toilets are not enough

f) Development projects carried out by the school:

Project priority	Type of Project	Projected Cost (Kshs)	New or Ongoing	Source of Fund	Status if Ongoing	Expected Completion Time
1	Fixing tiles in 3 classrooms	429,075.00	New	MOE	Ongoing	February 2022
2	Constructing six units girls' toilets	795,880.00	New	MOE	Ongoing	April 2022

PRINCIPAL
GAKOE MIXED SEC. SCHOOL
P. O. Box 242 - 01004, KANJUKU

Date: Sign:

Sign _____
School Principal

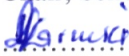
III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY


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

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

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2022 and of the school's financial position as at that date.

Name: Rachel Kariuki
Designation: Chair, School Board of Management
Sign: 
Date: 17/7/22

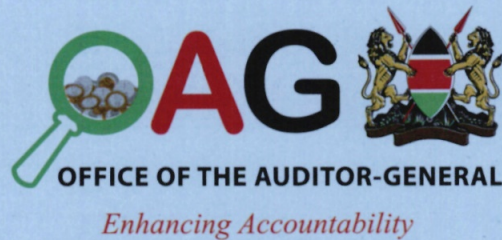
Name: Sammy Njagi
Designation: School Principal & Secretary to Board of Management
Sign: 
Date:

PRINCIPAL
GAKOE MIXED SEC. SCHOOL
P. O. Box 242 - 01004, KANJUKU
Date: 18/7/22 Sign:

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

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 GAKOE MIXED SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - KIAMBU COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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 Gakoe Mixed Secondary School - Kiambu County set out on pages 1 to 13, which comprise of the statement of assets and liabilities as at 30 June, 2022, statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended

Report of the Auditor-General on Gakoe Mixed Secondary School for the year ended 30 June, 2022- Kiambu County

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 Gakoe Mixed Secondary School – Kiambu County as at 30 June, 2022 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 Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables of balance of Kshs.4,106,890 as disclosed in Note 11 to the financial statements. Further Note 11 reflects a balance of Kshs.4,078,030 as net receivables from student debtors. Included in this balance are long outstanding receivables totaling to Kshs.3,398,637 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.4,106,890 could not be confirmed.

2. Unsupported Tuition Payments

The statement of receipts and payments reflects tuition payments amount of Kshs.910,014 as disclosed in Note 5 to the financial statements. However, examination of payment vouchers amounting to Kshs.816,314 revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes, certificate of payments.

In the circumstances, the regularity, accuracy and completeness of the tuition payments amounting to Kshs.816,314 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Gakoe 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. Non-Banking of School Lunch Program Receipts

The statement of receipts and payments and Note 3 to the financial statements reflects Kshs.2,097,005 School Fund Income- parents contributions. The money was received in cash. Further, it was observed that the funds collected were not deposited into designated bank account but were instead used immediately by the School for day-to-day operations contrary to the Public Finance Management (National Government) Regulations, 2015 Section 64(4), which stipulates that all public money collected by a receiver or collector of revenue or retained by a National Government entity should be deposited into designated bank accounts and should not be used by any public officer between the time of receipt and deposit, except as provided by law.

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

2. Lack of a Procurement Plan

The statement of receipts and payments reflects an amount of Kshs.7,593,695 and Kshs.6,849,903 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. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects payment for operations amounts of Kshs.3,808,405, as disclosed in Note 6 to the financial statements. Included in the expenditure is an amount of Kshs.132,850 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.132,850 could not be confirmed.

4. Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 24 May, 2023 instead of the statutory deadline of 30 September 2022. 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, 2021 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.

5. Supply and Installation of CCTV

Note 6 to the financial statements reflects Kshs.3,808,405 in respect of payments for operations which includes Kshs.303,700 being expenditure on supply and installation of CCTV. The tender was awarded to an individual at a cost of Kshs.303,700 as per the contract agreement dated 08 February, 2022. Examination of documents produced for audit review revealed the following:

- i. There was no requisition. with specifications of the contract.
- ii. Only two quotations were raised whose specifications were not similar and thus the basis for competitive bidding was not established.

- iii. The tender opening and evaluation and award minutes were not provided for audit review. The award of tender to the supplier was, therefore, irregular.

This is contrary to Section 106 2(b) of the Public Procurement and Asset Disposal Act, 2015 which require at least three companies to respond to enhance fair competition.

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

6. Use of Cash to Procure Goods and Services

Note 6 to the financial statement reflects Kshs.3,808,405 in respect of payments for operations which includes Kshs.1,392,387 infrastructure expenditure. Out of Kshs.1,392,387, the School used cash totalling Kshs.842,560 to purchase building materials and repair services contrary to the procedure for low value procurement as per Regulation 92 of the Procurement Regulations, 2020 which provides that a procuring entity may use low value procurement method where the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule. The threshold matrix in the Second Schedule of the Procurement Regulations, 2020 provides that the maximum level of expenditure under the low value procurement method is Kshs.50,000, Kshs.100,000 and Kshs.50,000 per item per financial year for goods, works and services, respectively.

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

7. Lack of a Fixed Assets Register

Annex 2 reflects a fixed asset balance of Kshs.9,617,700. However, the School does not maintain an asset register to record and track its assets contrary to Public Finance Management Act, 2015 Section 136(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.

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 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 School uses a manual system for processing and record keeping and is thus exposed to risks associated with manual records keeping such as errors in processing, inaccurate financial reporting, manipulation of records and lack of data integrity and confidentiality issues. Further, manual processing is cumbersome and denies the School the benefits of speedy processing and retrieval of information.

In the circumstances, the efficiency and effectiveness of the manual system 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

The 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 the 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 cease operations.

The 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, the 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 the Management.

- Conclude on the appropriateness of the 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

13 September, 2024

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

Description	Note	June 2022 Kshs.	June 2021 Kshs.
RECEIPTS			
Capitation grants for tuition	1	817,043.00	334,119.00
Capitation grants for operations	2	4,679,647.00	2,063,829.00
School fund income- parents' contributions	3	2,097,005.00	1,190,009.00
School fund income- other receipts	4		
TOTAL RECEIPTS		7,593,695.00	3,587,957.00
PAYMENTS			
Payments for tuition	5	910,014.00	205,325.00
Payments for operations	6	3,808,405.00	1,649,480.00
Boarding and school fund payments	7	2,131,484.00	1,146,242.00
TOTAL PAYMENTS		6,849,903.00	3,001,047.00
SURPLUS/DEFICIT		743,792.00	586,910.00

The school financial statements were approved on 15/7/22 and signed by:

Sign: [Signature] Sign: [Signature] Sign:

Name: Rachel Kariuki **Name: Sammy Njagi** **Name:**
Chair BOM *School Principal* *Bursar/*
Secretary to BOM *Finance Officer*

Date: 17/7/22 Date: 15/7/22 Date:

PRINCIPAL
GAKOE MIXED SEC. SCHOOL
P. O. Box 242 - 01004, KANJUKU

VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT
 30TH JUNE 2022

Description	Note	June 2022 Kshs.	June 2021 Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	154,191.56	717,244.35
Cash Balances	9	17,146.00	10,841.00
Short Term Investment	10	-	-
Total Cash and Cash Equivalent		<u>171,337.56</u>	<u>728,085.35</u>
Account's receivables	11	4,106,890.00	2,684,309.00
TOTAL FINANCIAL ASSETS		4,278,227.56	3,412,394.65
FINANCIAL LIABILITIES			
Accounts Payables	12	393,910.19	271,869.00
NET FINANCIAL ASSETS		3,884,317.37	3,140,525.65
REPRESENTED BY			
Accumulated Fund b/fwd.	13	3,140,525.35	2,553,615.65
Surplus/Deficit for the year		743,792.02	586,910.00
NET FINANCIAL POSITION		3,884,317.37	3,140,525.65

The school's financial statements were approved on 15/7/24 and signed by:

Sign: 

Name: Rachel Kariuki
 Chair BOM

Date: 17/7/24

Sign: 

PRINCIPAL
 GAKOE MIXED SEC. SCHOOL,
 Name: Sammy Njagi - 01004, KANJUKU
 School Principal/
 Secretary to BOM

Date: 15/7/24

Sign:

Name:
 Bursar/
 Finance Officer

Date:

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

Description	June 2022 Kshs.	June 2021 Kshs.
RECEIPTS for operating income		
Capitation grants for tuition	403,013.40	334,119.75
Capitation grants for operations	3,657,231.30	2,063,829.50
School fund income- Parents contributions/ fees	2,541,487.35	1,184,102.50
School fund income- other receipts		
Total Receipts	6,601,732.05	3,582,051.75
PAYMENTS		
Payments for Tuition	387,476.45	205,325.00
Payments for operations	3,069,609.79	1,581,919.05
Boarding and school fund payments	2,309,005.81	1,111,689.00
Total Payments	5,766,092.05	2,898,933.05
Net Cashflow From Operating Activities	835,640.21	683,118.70
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of assets	(1,392,387.00)	-
Net cash flows from Investing Activities	(1,392,387.00)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(556,747.79)	683,118.70
Cash and cash equivalent at BEGINNING of the year	728,085.35	44,966.65
Cash and cash equivalent at END of the year	171,337.56	728,085.35

STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED
30TH JUNE 2022

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
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials						
Exercise books	113,965		113,965		113,965	0%
Laboratory equipment	150,000		150,000		150,000	0%
Internal exams	135,000		135,000		135,000	0%
Teaching / learning materials	150,000		150,000	817,043	(667,043)	545%
Chalks	23,000		23,000		23,000	0%
Sub-Total	571,965		571,965	817,043	(245,078)	143%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	1,147,500		1,147,500	1,856,147	(708,647)	162%
Repairs and maintenance	1,402,500		1,402,500	2,823,500	(1,421,000)	201%
Local transport / travelling	280,500		280,500		280,500	0%
Electricity and water	280,500		280,500		280,500	0%
Medical	280,500		280,500		280,500	0%
Administration costs	280,500		280,500		280,500	0%
Activity	270,300		270,300		270,300	0%
Sub-Total	3,942,300		3,942,300	4,679,647	(737,347)	119%
(3) FEES CHARGED ON PARENTS						
Lunch programme	2,677,500		2,677,500	2,097,005	580,495	78%
	2,677,500		2,677,500	2,097,005	580,495	78%
TOTAL INCOME	7,191,765		7,191,765	7,593,695	(401,930)	106%
PAYMENTS						

GAKOE MIXED SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022

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
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials	10,000		10,000	153,798	(143,798)	1538%
Exercise books	256,560		256,560	313,196	(56,636)	122%
Laboratory equipment	150,000		150,000	267,600	(117,600)	178%
Internal exams	174,000		174,000	174,280	(280)	100%
Teaching/Learning Materials	30,000		30,000		30,000	0%
Bank Charges				1,140	(1,140)	
Sub-Total	620,560		620,560	910,014	(289,454)	147%
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	1,188,720		1,188,720	1,135,154	53,566	95%
Repairs, maintenance & improvements	1,402,500		1,402,500	1,590,014	(187,514)	113%
Local transport / travelling	280,500		280,500	443,080	(162,580)	158%
Electricity, water and conservancy	280,500		280,500	72,600	207,900	26%
Medical	50,000		50,000	700	49,300	1%
Administration costs	281,500		281,500	354,428	(72,928)	126%
Activity Expenses	277,300		277,300	149,430	127,870	54%
Exam				63,000	(63,000)	
Insurance costs	102,000		102,000		102,000	0%
Sub-Total	3,863,020		3,863,020	3,808,406	54,614	99%
(3) EXPENDITURE FOR SCHOOL FUND						
Lunch programme	2,712,470		2,712,470	2,131,484	580,986	79%
Sub-Total	2,712,470		2,712,470	2,131,484	580,986	79%
TOTALS PAYMENTS	7,196,050		7,196,050	6,849,904	346,146	95%

Underutilization and over utilization

Most vote heads were utilized, this was caused by the fact that budget was prepared for the period between January 2022 to December 2022 while the accounts covers period between 1st July 2021 and 30th June 2022.

IX. 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 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*.

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 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.

SIGNIFICANT ACCOUNTING POLICIES

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. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. 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. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

Description	2021-2022 Kshs.	2021-2021 Kshs.
Laboratory equipment	-	243,568.75
Teaching / learning materials	817,043.40	90,551.00
Total	817,043.40	334,119.75

2 CAPITATION GRANT FOR OPERATIONS

Description	2021-2022 Kshs.	2021-2021 Kshs.
Repairs and maintenance	1,444,500.00	946,000.00
Others	3,235,147.00	1,117,829.50
Total	4,679,647.00	2,063,829.50

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

Description	2021-2022 Kshs.	2021-2021 Kshs.
Lunch Programme	2,097,005.00	1,190,009.00
Total	2,097,005.00	1,190,009.00

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

5 PAYMENTS FOR TUITION

Description	2021-2022 Kshs.	2021-2021 Kshs.
Textbooks and reference materials	153,798.00	86,210.00
Exercise books	313,196.00	-
Laboratory equipment	267,600.00	47,815.00
Internal exams	174,280.00	-
Teaching / learning materials	-	28,400.00
Exams and assessment		42,000.00
Bank Charges	1,140.00	900.00
Total	910,014.00	205,325.00

NOTES TO THE FINANCIAL STATEMENTS

6 PAYMENTS FOR OPERATIONS

Description	2021-2022 Kshs.	2021-2021 Kshs.
Personnel emoluments	1,135,154.00	649,480.00
Administration Cost	354,427.58	335,176.00
Repairs and maintenance & improvements	197,627.00	302,444.00
Local transport / travelling	443,080.00	201,640.00
Electricity and water	72,600.00	41,000.00
Medical	700.00	1,740.00
Activity Expenses	149,430.00	118,000.00
Exam	63,000.00	-
Infrastructure	1,392,387.00	-
TOTAL	3,808,405.00	1,649,480.00

7 BOARDING AND SCHOOL FUND PAYMENTS

Description	2021-2022 Kshs.	2021-2021 Kshs.
Lunch Programme	2,130,404.00	1,145,522.00
Bank Charges	1,080.00	720.00
TOTAL	2,131,484.00	1,146,242.00

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2021-2022 Kshs.	2021-2021 Kshs.
Tuition Account		21,767.49	128,078.00
Operations Account		25,109.67	521,090.95
School Fund Account/Boarding		87,921.40	53,421.50
Infrastructural Account		19,393.00	14,653.00
Total		154,191.56	717,243.45

9 CASH IN HAND

Description	2021-2022 Kshs.	2021-2021 Kshs.
Tuition Account	-	-
Operation Account	1,018.00	407.00
School Fund account	15,935.00	5,784.00
Infrastructure	193.00	4,650.00
Total	17,146.00	10,841.00

NOTES TO THE FINANCIAL STATEMENTS

10 SHORT TERM INVESTMENTS

11 ACCOUNTS RECEIVABLE

Description	2021-2022 Kshs.	2021-2021 Kshs.
Fees arrears	4,078,030.00	2,655,449.00
Other non-fees receivables	28,860.00	28,860.00
Salary advances	-	-
Imprest	-	-
Total	4,106,890.00	2,684,309.00
<i>An aging of the fees arrears below:</i>		
Description	2021-2022 Kshs.	2021-2021 Kshs.
Fees arrears for current year	543,600.00	221,650.00
Fees arrears for the previous year	221,650.00	442,357.00
Fees Arrears recovered during the years	(85,857.00)	
Fees arrears for prior periods (over two years)	3,398,637.00	1,991,442.00
Total	4,078,030.00	2,665,449.00

12 ACCOUNTS PAYABLE

Description	2021-2022 Kshs.	2021-2021 Kshs.
Trade creditors (See ageing below and appendix 1)	324,825.00	125,570.00
Prepaid fees	69,085.19	146,299.00
Retention monies		
Total	393,910.19	271,869.00
<i>An aging of the trade creditors below:</i>		
Description	2021-2022 Kshs.	2021-2021 Kshs.
Trade creditors for current year	324,825.00	125,570.00
Trade creditors paid during the year	(125,570.00)	(125,578.00)
Trade creditors for the previous year	125,570.00	125,578.00
Trade creditors for prior periods (over two years)		-
Total	324,825.00	125,570.00

NOTES TO THE FINANCIAL STATEMENTS

13 FUND BALANCE BROUGHT FORWARD

Description	2021-2022 Kshs.	2021-2021 Kshs.
Bank balances	154,191.56	717,244.35
Cash balances	17,146.00	10,841.00
Receivables	4,106,890.00	2,684,309.00
Payables	(393,910.19)	(271,869.00)
Total	3,884,317.37	3,140,525.35

Other important disclosure notes

IPSAS 1 encourages an entity to disclose accrual related information in relation to an entity's assets and liabilities. The notes outlined below are disclosure notes in relation to the school's non- financial assets and liabilities.

14 Non-current Liabilities Summary

15 Biological Assets

Description	Numbers	2021-2022 Kshs.	2021-2021 Kshs.
Trees	6 Mature	60,000	60,000
Coffee or tea plantation	500 bushes	78,050	78,050
Total		138,050	138,050

16 Borrowings

17 Stock/ Inventory

Description	2021-2022 Kshs.	2021-2021 Kshs.
a) Inventory	-	
Stock/ inventory at beginning of the year	330,235.00	85,100.00
Stock/ inventory purchased during the year	86,900.00	610,000.00
Stock/ inventory issued during the year	(120,000.00)	(364,865.00)
Balance at end of the year	228,585.00	330,235.00

18. 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			

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2022	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Supply of goods						
1. Majune Enterprises	295,745	3/4/2022	0	295,745.00	295,745.00	To be cleared in next financial period.
2. Mziima Technology Ltd	15,740.00	6/6/2022	0	15,740.00	15,740.00	To be cleared in next financial period
3. Pengu Enterprises	13,340.00	6/6/2022	0	13,340.00	13,340.00	To be cleared in next financial period
Sub-Total	324,825			324,825.00	324,825.00	
Grand Total	324,825			324,825.00	324,825.00	

**GAKOE MIXED SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER AS AT 30TH JUNE 2022

Asset class	Date purchased/ Item	Historical Cost b/f (Kshs) 1st July 2021	Additions during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2022	June 2022
Land 1	3.0 Acres	6,000,000		6,000,000	
Land 2					
Buildings and structures		1,260,000		1,260,000	
Laboratory stools		119,000		119,000	
Office Chairs		32,400		32,400	
Office Tables		86,600		86,600	
ICT Equipment, and Other ICT Assets					
- Overhead projector	1	30,000		30,000	
- Computers	2	40,000		40,000	
- CCTV Cameras	18	303,700		303,700	
lockers	252	550,000		550,000	
Tools and apparatus					
Chairs	252	550,000		550,000	
Textbooks	6,240	96,000		96,000	
Toilets	17 units	120,000		120,000	
Kitchen					
- Energy Saving Jikos	1 3	90,000 220,000		90,000 220,000	
- Sufurias	4	120,000		120,000	
Total		9,617,700		9,617,700	