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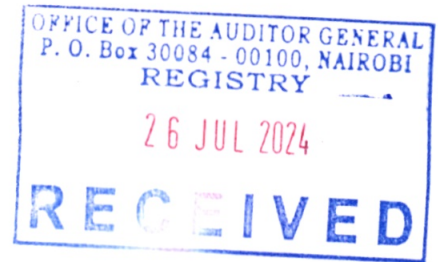
THE AUDITOR-GENERAL

ON

KERINGET SECONDARY SCHOOL

**FOR THE SIX (6) MONTHS'
PERIOD ENDED 30 JUNE, 2021**

NAKURU COUNTY



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2021

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

KERINGET SECONDARY SCHOOL NAKURU
Reports and Financial Statements
For the year ended 30th June 2021

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KERINGET SECONDARY SCHOOL NAKURU
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I. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

The school was registered in **8/6/1988** under registration number **H/A/1016/88** and is currently categorized as a County public school established and operated by the Government.

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in **Nakuru** County, **Kuresoi** Sub-County

Keringet secondary school is located in Nakuru County. It is 500M from Keringet town along Molo-Olenguruone road.

The idea of the construction of the school was to absorb the large number of students who were terminating their school life after class 8 due to shortage of space in the few secondary schools that served the community.

The school is a day school and has **210** number of students as at *30th June 2021*. It has **2** streams and 11 teachers employed by TSC Teachers.

(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	Dr. Joseph mutai	Chairman	2019
2	Mr.Stephen chemwetich	Secretary – Principal	2019
3	Ms.Jane langat	Member -D/ Chairman	2019
4	Mr.Wilson langat	Member - PA Chairman	2019
5	Rev. David kauria	Member -sponsper	2019
6	Mr.Johnstone Biegon	Member -sponser	2019
7	Mr.Wendot c Rochoken	Member-sponser	2019
8	Mr. Athony chirchir	Member- special group	2019
9	Ms Judy Keitany	Member-parent Rep	2019
10	Mr.Kenneth korir	Member- parent Rep	2019
11	Mr.Silvester Bett	Member- parent Rep	2019
12	Mr. Joseph Ruttoh	SNP	2019
13	Mr.David chepkwony	Teachers rep.	2019
14	Mr.Willy Ngetrich	Community	2019
15	Mrs.Daisy C.Ruttoh	Community	2019

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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The functions 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 pupil's discipline and make reports to the CEB
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB
- Administer and manage the resources of the School
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee			
2	Finance, procurement and general purposes Committee		Chairperson Secretary Member	2
3	Academic Committee		Chairperson Secretary Member Member Member	2
4	School Infrastructure committee(SIC)		Chairperson Deputy /P secretary Member Member Member Member	3

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5	Discipline and welfare Committee		D/Principal Member Member Member	1
6	Adhoc Committee (if any during the year)- Tender Opening		Chairperson Secretary member	2
	Evaluation Committee		Chairperson Secretary, Member	2

(d) SCHOOL OPERATION MANAGEMENT

For the financial year ended *30th June 2021* the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	STEPHEN C CHEMWETICH	255285
2	Deputy Principal	RICHARD LANGAT	349994
3	School Bursar	KORIR CORNELIUS	

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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 67 -20131 keringet
E-mail: keringetboyschool@gmail.com

(f) SCHOOL BANKERS

The following school operated 6 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: **KENYA COMMERCIAL BANK**
Branch: **NAKURU**
Operation account
Account Number: **1101679441**
2. Name of Bank: **NATIONAL BANK OF KENYA**
Branch: **NAKURU**
Tuition A/C
Account Number; **01025054202200**
3. Name of Bank: **KENYA COMMERCIAL BANK**
Branch: **NAKURU**
Infrastructure
Account Number: **01022054202201**
4. Name of Bank: **KENYA COMMERCIAL BANK**
Branch: **NAKURU**
SCHOOL FUND
Account Number: **1101861460**
5. Name of the bank: **BUSINESS INVESTMENT A/C-FARM**
1106664264
6. Name of Bank: **EQUITY**
CDF ACCOUNT
0230263515974

(g) INDEPENDENT AUDITORS

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

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For the year ended 30th June 2021

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:**

SURPLUS/ DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST THREE YEARS

SNO	ACCOUNTS	2021	2020	2019
		Kshs	Kshs	Kshs
1	Operations Account	509,340.55	745328.80	-668,325.80
2	Tuition Account	138,315.75	-140793.00	-572,446.35
3	School fund	-168,348.00	641388.00	-63,274.10
	TOTAL	2,331,139.30	1,245,923.00	-1304,046.25

CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST THREE YEARS

S/NO	ACCOUNTS	2021	2020	2019
		KSHS	KSHS	KSHS
1	Operations Account	2,279,990.00	1,726,350.00	1411790.60
2	Tuition Account	261,925.75	263,677.00	463,493.65
	Total	2,541,915.75	1,990,027.00	1,875,284.25

RATIO OF CAPITATION GRANT PER STUDENT OVER THE LAST THREE YEARS

S/NO	ACCOUNTS	2021	2020	2019
		KSHS	KSHS	KSHS
	Total	2,541,915.75	1,990,027.00	1,875,284.25
	No of Students	187	143	225
	Ratio of Capitation per student	1:13,593.13	1:13,916.27	1:8,334.60

A THREE-YEAR OVERVIEW OF GROWTH OF OTHER INCOME(S) EARNED BY THE SCHOOL.

SNO	ACCOUNTS	2021	2020	2019
1	BOARDING	4,011,347.00	2,622,974.00	4,470,617.10
2	LOST TEXTBOOKS	-	-	117,405.00
3	FARM	399,859.00	172,440.00	51,545.50
	Total	4,411,206.00	2,795,414.00	4,639,547.60

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A THREE-YEAR OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL

SNO	ACCOUNTS	2021	2020	2019
		Kshs	Kshs	Kshs
1	School Fund Account	4,411,206.00	2,622,974.00	4,470,617.10
2	Operations Account	2,279,990.00	981,021.20	2,080,116.40
3	Tuition Account	123,610.00	404,470.00	1,035,940.00
	Total	6,814,806.00	4,008,465.2	7,586,673.50

MOVEMENT OF DEBTORS AND CREDITORS OF THE SCHOOL OVER THE LAST THREE YEARS

SNO	ACCOUNTS	2021	2020	2019
		KSHS	KSHS	KSHS
A	Debtors	9029.00	7,092,360.00	5675452.00
B	Creditors	1,899,939.00	2,132,504.00	1478377.00

MOVEMENT OF CASH AND BANK BALANCES OVER THE LAST THREE YEARS

SNO	ACCOUNTS	2021	2020	2019
		KSHS	KSHS	KSHS
1	Cash	5,331.75	5,020.70	13138.00
2	Bank	201,003.00	39,872.70	266,322.20
	Total	206,334.75	44,893.40	279,460.20

b) Teacher Student ratio

- Number of teachers recruited and posted to the school - 0
- Number of teachers transferred/ retired - 0
- Number of teachers employed by T.S.C - 0
- Number of Intern - 0
- Number of teachers employed by B.O.M - 0
- Number of teachers for each subject, shortage and teacher to student ratio. 210
AGAINST 11 1:19

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S/NO	SUBJECT	NUMBER OF TEACHERS	EMPLOYED BY T.S.C / B.O.M	REMARKS
1.	ENGLISH/LIT	1		ADEQUATE
2.	MATHEMATICS	4		EXCESS
3.	CHEMISTRY	4	2T.S.C, 2BOM	NEED A TEACHER
4.	KISWAHILI	2		
5.	BIOLOGY	2	2 T.S.C	
6.	C.R.E	3		
7.	AGRICULTURE	1		
8.	HISTORY	2		
9.	GEOGRAPHY	1		
10.	PHYSICS	3		
11.	BUSINESS STUDIES	2		

(C) Mean score in the, 2019-2020-2021 KCSE and candidature

	ENT	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	X	M/S	DEV.
2021	23	0	0	0	1	1	1	0	2	3	11	4	0	0	3.7826	+0.1396
2020	38	0	0	0	0	1	1	3	10	11	8	2	0	2	4.8837	+0.5230
2019	44	0	0	0	0	0	0	4	3	3	8	24	1	1	2.8837	-1.4219

SCHOOL SET TARGET

YEAR	ENTRY	TARGETED MEAN	ACHIEVED MEAN
2021	23	4.5	3.7826
2020	38	4.5	4.8837
2019	44	4.0	2.8837

c) Capacity of the school:

Number of students			Laboratory	Student store	Students Toilets		Staff Toilets		Admin Block		Classrooms	Kitchen	store
B	G	T			B	G	M	F	Block	Offices			
210	-	210											2

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d) Development projects carried out by the school:

<i>S/NO</i>	<i>PROJECT UNDERTAKEN</i>	<i>DETAILED DESCRIPTION</i>	<i>SOURCE OF FUNDS</i>	<i>AMOUNT SPENT</i>
1.	Completion of 6 door toilet- 2020 project	-Full contract	,MOE-Maintenance and improvement funds	274,62000
2				

Sign.....

Name:.....STEPHEN C. OJEMWETIA

School Principal

KERINGET SECONDARY SCHOOL NAKURU
Reports and Financial Statements
For the year ended 30th June 2021

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 keeping all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of **Keringet 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 30th June, 2021, and of the school's financial position as at that date.

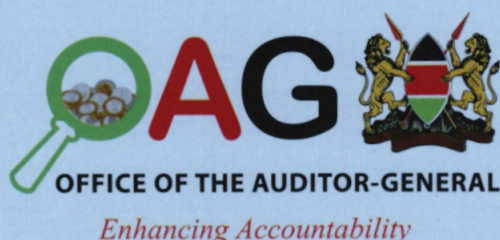
Name: JANE C. KANGAT
Designation: Chairman, School Board of Management
Sign: [Signature]
Date: 23 / 07 / 2021

Name: _____
Designation: School Principal & Secretary to Board of Management
Sign: [Signature]
Date: 23 / 07 / 2021

Name: JOSE CORNELIUS
Designation: Bursar/ Finance Officer
Sign: [Signature]
Date: 23 / 07 / 2021

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 KERINGET SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - NAKURU COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Keringet Secondary School - Nakuru County set out on pages 12 to 28, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for

the six(6) months' period 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 Keringet Secondary School - Nakuru County as at 30 June, 2021, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

Review of the financial statements submitted for audit revealed the followings inaccuracies;

- i. Casting Errors in Statement of Receipts and Payments and Note;

Description of Item	Financial Statement/Note Balance (Kshs.)	Re-Computed Amount (Kshs.)	Variance (Kshs.)
Parents Contribution/ Fees - School Fund A/c Total (Statement of Receipts and Payments)	4,011,367	2,622,247	1,389,100
Parents Contributions/Fees - Note 3	624,972	2,622,247	1,997,275

- ii. Casting Errors in the Statement of Budgeted and Actual Amounts:

Component	Statement of Budgeted versus Actual Amounts - Utilization Difference (Kshs)	Re-Computed Amount (Kshs)	Variance (Kshs)
Fees Charged on Parents	1,123,737	1,120,737	3,000
Expenditure For Tuition-Teaching/ Learning Materials	69,059	110,941	180,000
Expenditure for Operations			
Personal Emoluments	177,632	89,928	267,560
Administration Cost	249,993	347,988	97,995
Maintenance and Improvement	722,000	918,000	1,640,000
Local Transport/Travelling	25,889	(163,111)	189,000
Electricity and Water	54,333	31,333	23,000

Component	Statement of Budgeted versus Actual Amounts - Utilization Difference (Kshs)	Re-Computed Amount (Kshs)	Variance (Kshs)
Activity Expenses	115,333	12667	128,000

Further, total receipts of tuition and operations grants, fees charged on parents and total income amounts for actual on a comparable basis and budget utilization difference columns are omitted. Additionally, expenditure totals for tuition and operations are omitted.

- iii. The accounts payables balance of Kshs.1,899,939 shown under Note 12 is not reflected in the statement of financial assets and financial liabilities;
- iv. Notes 8 and 9 to the financial statements reflect bank and cash balances of Kshs.201,003 and Kshs.5,332 respectively against balances reflected under Note 13 of Kshs.39,873 and Kshs.5,021 respectively. The resultant variances of Kshs.161,130 and Kshs.311 respectively were not explained nor reconciled;
- v. Variances Between statement of budgeted versus actual amounts and statement of receipts and payments:

Component	Actual Amounts in the Statement of Budgeted versus Actual Amounts (Kshs)	Statement of Receipts and Payments Amount (Kshs)	Variance Amount (Kshs)
Capitation Grant on Tuition	308,663	261,926	46,737
Capitation Grants for Operations	2,371,408	2,789,331	417,923
Total			

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

2.0 Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.206,335. The following were observed:

- i. The supporting bank reconciliation statement was not provided for audit. In addition, the cash and cash equivalents balance was not supported by a Board of Survey Report.
- ii. The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.206,335 as disclosed in Notes 8 and 9 respectively. Further, Note 2 to the financial statements indicates that the

School received Kshs.2,789,330 as capital grants for operations for the period under review. However, review of the School's operations bank account revealed that cheques amounting to Kshs.657,312 were encashed. However, the withdrawn amounts were not included in the ledgers presented for audit review. Management indicated that the amounts related to petty cash without providing supporting memorandum cash book where receipts and payments are recorded.

This was contrary to Regulation 91(14) of the Public Finance Management (National Government) Regulations, 2015 which requires the holder of a standing imprest to keep a memorandum cash book to record all receipts and payments and the balances on hand to agree with the cash balance recorded in the cash book.

- iii. In addition, the payment vouchers for the amounts withdrawn by the cheques were not provided for audit. Further, the Principal was the recipient of the withdrawals but expenditure records including payment vouchers of the cash withdrawals were not provided for audit.
- iv. The Board of Management minutes approving the withdrawal of funds from operations and infrastructure bank accounts were not provided for audit review, contrary to Sub-Section 3.1.4 of the Operational Manual for Utilization of Learner Capitation Grant on Utilization of Funds which states that 'all signatories to the school bank accounts should be notified before funds are withdrawn for utilization and the budget item must be approved by the Board of Management through minutes'.

In the circumstances, the accuracy, completeness and existence of the cash and cash equivalents balance of Kshs.206,335 could not be confirmed and Management was in breach of the law.

3.0 Unbalanced Budget

The statement of budgeted versus actual amounts reflects final budgeted income and payments of Kshs.5,936,400 and Kshs.5,946,400 respectively. However, the re-casted expenditure budget is Kshs.5,941,800, resulting to a casting error of Kshs.4,600 which was not corrected. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, that at all times during budget formulation and approval it must be ensured that the budget shall be balanced.

In the circumstances, the accuracy and completeness of the budget amounts could not be confirmed and Management was in breach of the law.

4.0 Non-Provision of Financial Statement Ledgers

Management prepared financial statements for the period ended 30 June, 2021. However, ledgers and trial balance in support of the balances reflected in the financial

statements were not provided for audit, contrary to Section 23(1) of the Basic Education Act, 2013 which requires a Board of Management of a public institution of basic education to keep all proper books and records of accounts of the income, expenditure and assets of the institution.

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

5.0 Misclassification of Other Receipts and Lack of Support Documentation

The statement of receipts and payments and Note 4 to the financial statements reflects other receipts totalling Kshs.399,859. The receipts includes an amount of Kshs.171,347. classified as receipts from repairs and maintenance and Kshs.175,000 described as transfers from operations. Further, included in other receipts is income from farming activities amounting to Kshs.53,512, which was not supported by invoices and cash sale receipts.

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

6.0 Inaccuracies in Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and operations amount of Kshs.261,926 and Kshs.2,789,331 respectively as disclosed in Notes 1 and 2 to the financial statements. Review of the NEMIS capitation disbursements made to the School against the amount received by the School revealed an amount of Kshs.333,408 and Kshs.2,787,274 whereas the NEMIS capitation reflects an amount of Kshs.333,408 and Kshs.2,778,201, resulting to an unexplained variance of Kshs.9,073 on the operations amount. Further comparison of banks statements and the financial statements reflects an amount of Kshs.333,408 and Kshs.2,778,201, resulting to an unexplained variance of Kshs.71,482 and Kshs.11,130.

In the circumstances, the accuracy and completeness of capitation grants for tuition and operations of Kshs.261,926 and Kshs.2,789,331 could not be confirmed.

7.0 Failure to Transfer and Account for Infrastructure Funds

The statement of receipts and payments reflects operations grants amount of Kshs.2,789,330 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.904,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, an amount of Kshs.300,000 was transferred to infrastructure account, leaving a balance of Kshs.604,000 as at 30 June, 2021. This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the School infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

Further, the amount of Kshs.300,000 transferred to the infrastructure account and the related expenditure were not disclosed in the financial statements.

In the circumstances, the accuracy, completeness and occurrence of infrastructure grants of Kshs.904,000 could not be confirmed and Management was in breach of the law.

8.0 Accounts Receivables

8.1 Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.9,029,493 as disclosed in Note 11 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review. Further, significant accounting policies on accounts receivable as disclosed in Note 5 are silent on the treatment of the students' fees balances which is the major source of income for the School.

8.2 Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.9,029,493 in respect of fees arrears as disclosed in Note 11 to the financial statements. However, included in the balance are receivables amounting to Kshs.4,938,036 which had been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy, completeness and full recoverability of the receivables balance of Kshs.9,029,493 could not be confirmed.

9.0 Authenticity of Accounts Payables

9.1 Variances in Payables

The statement of financial assets and financial liabilities reflects payables balance of Kshs.1,899,939 as disclosed in Note 12 to the financial statements. However, the balance varies with Kshs.2,032,504 reflected at Annex 1 to the financial statements, resulting to an unexplained or an unreconciled variance of Kshs.132,565.

In the circumstances, the accuracy and completeness of payables balance of Kshs.1,899,939 could not be confirmed.

9.2 Unsupported Payables

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.1,899,939 as disclosed in Note 12 to the financial statements. The accounts payables balance of Kshs.1,899,939 includes prepaid fees of Kshs.8,733 which was not supported by the list of prepayments. Further, payables supporting documents including Local Purchase Orders /Local Service Orders, tender awards, delivery notes, certificates of completion, inspection and acceptance reports and invoices relating to trade creditors were not provided for audit review.

In the circumstances, the accuracy, completeness and occurrence of Kshs.1,899,939 in respect of accounts payable could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.5,936,400 and Kshs.4,541,334 respectively, resulting to an under-funding of Kshs.1,395,066 or 24% of the budget. However, the School spent a balance of Kshs.3,780,407 against actual receipts of Kshs.4,541,334, resulting to an under-utilization of Kshs.760,927 or 17% of actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Under Funding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amount of Kshs.261,926 and Kshs.2,789,331 respectively

as disclosed in Notes 1 and Note 2 to the financial statements. During the financial year, NEMIS reported a total number of two hundred and one (201) students while the enrolment records provided by the School indicated a total number of two hundred and ten (210) students, resulting to an unexplained variance of nine (9) students. As a result of the variances, the School was under funded by an amount of Kshs.136,623.00.

In the circumstances, the over-funding of the School may have affected service delivery to the other schools which did not receive capitation for students and value for money could not be confirmed.

2. Unconfirmed Students Enrolment Data

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations and infrastructure grants totalling Kshs.3,051,255. Comparison of data from National Education Management and information System (NEMIS) with records from the County Director of Education revealed that during the financial year/period 2020/2021, NEMIS reflected two hundred and one (201) students while records from the County Director of Education had two hundred and ten (210) students, resulting to an underfunding of the School by an amount of Kshs.136,623.00 This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

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

3. Long Outstanding Payables

The statement of financial assets and financial liabilities and as disclosed in Note 12 to the financial statements reflects payables balance of Kshs.1,899,939. However, included in the balance are trade payables balance of Kshs.1,422,460 which had been outstanding for more than two (2) years. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates'.

In the circumstances, the School Management was in breach of the law and there is risk of loss of public funds through litigations, interests and penalties.

4. Failure to Prepare School Improvement Plan

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

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

5. Unsupported Payment on Construction of a Toilet

Examination of the School's infrastructure account statement revealed that Kshs.300,000 was transferred to the account from the operations account in the period under review. The funds were to be used on construction of a six-door toilet at a cost of Kshs.274,200. However, the supporting documentation such as a request letter forwarded to County Director of Education (CDE) or Sub-County Director of Education for approval, Minutes of the Board of Management, Bill of Quantities, the approval of the CDE and the expenditure schedules were not provided for audit review.

In the circumstances, value for money amounting to Kshs.274,620 used on the contraction of the toilet could not be confirmed.

6. Procurement Issues

6.1 Lack of Procurement Plan

The statement of receipts and payments reflects amounts of Kshs.7,462,462 and Kshs.5,131,323 in respect of total receipts and payments respectively. However, Management did not provide for audit 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.

6.2 Irregularities in the Procurement of Cereals and Bread

The statement of receipts and payments reflects Kshs,2727,723 in respect of boarding and school fund payments as disclosed in Note 7 to the financial statements. Included in the amount is Kshs.340,450 relating to the supply of beans and bread of which requisitions from user departments, Local Purchase Orders, Goods Received Notes, inspection and acceptance reports, delivery notes and invoices were not provided for audit, contrary to Regulation 104(1) of the Public Finance Management (National Government) Regulations, 2015.

Further, the School's procurement committee did not prepare and sign contracts between the School and the suppliers of cereals and bread, contrary to Section 135(3) of the Public Procurement and Asset Disposal Act, 2015 which requires a written contract to be entered within the period specified in the notification and to be signed within the tender validity period.

In the circumstances, the propriety and value for money for funds amounting to Kshs.340,450 could not be confirmed and Management was in breach of the law.

6.3 Failure to Deduct Relevant Taxes from Suppliers/Contractors

Audit review of the payment vouchers provided for audit review revealed that contractors of the School were paid invoiced amounts without deducting 3% and 2% General

withholding tax and VAT respectively, contrary to Section 147 of the Income Tax Act which requires a person/entity making certain contractual payments to deduct Withholding Income Tax and VAT at the applicable rate and to remit the tax to the Commissioner on behalf of the recipient.

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

7. Non-Compliance with the Public Sector Accounting Standards Board Presentation and Disclosure Requirements

Review of the financial statements submitted for audit revealed the followings inaccuracies and presentation anomalies;

- i. Annex 1 on analysis of pending accounts payable reflects a total of Kshs.1,899,939 without details or listing of pending accounts payable,
- ii. Summary Report of Performance of the School shows growth in expenditure of the School under operations and tuition accounts of Kshs.2,279,990 and Kshs.123,610 respectively against amounts of Kshs.2,789,331 and Kshs.261,926 respectively reflected in the statement of receipts and payments, resulting to variances of Kshs.509,341 and Kshs.138,316 respectively which were not explained or reconciled,
- iii. Summary Report of Performance of the School also shows debtors balance of Kshs.9,029 instead of Kshs.9,029,493 reflected in the statement of financial assets and financial liabilities, resulting to a variance of Kshs.9,020,466 which as not reconciled.
- iv. Further, the Summary Report of Performance shows creditors balance of Kshs.1,899,939, which varies with the balance of Kshs.1,891,206 reflected in the statement of financial assets and financial liabilities. The variances have not been explained or reconciled.
- v. The financial statements refer to 'the year ended 30 June, 2021' instead of 'six months' period ended 30 June, 2021',
- vi. Numbering of pages does not include page 14,
- vii. Names of members of the School Board of Management and names and designations of the Executive Committee members are also not disclosed under Key School Information and Management.
- viii. Information on capacity of the School in regard to laboratory, students store, student and staff toilets, administration block, classrooms and kitchen is not disclosed.

In the circumstances, Management did not comply with the Public Sector Accounting Standards Board requirements.

8. Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 17 February, 2023 instead of the statutory deadline of 30 September, 2021. 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 with Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on the 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. Incomplete Fixed Assets Register

The financial statements show at Annex 2 a summary of fixed assets register. However, the School did not maintain a fixed assets register in a format that indicates the description, financier, serial/log book number, acquisition date, value, location, opening balance, addition, disposal and the closing balance of each asset during the period and instead, a stores ledger which is basically a listing of the assets is kept. This was contrary to Regulation 143 (1) of Public Finance Management (National Government) Regulations, 2015 which prescribes that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the effectiveness of internal controls on fixed assets could not be confirmed and Management was in breach of the law.

2. Inadequate Internal Controls and Lack of Proper Oversight of the School

Review of controls and minutes of the Board of Management (BOM) and Committee meetings revealed the following irregularities: -

- (i) Board meeting minutes dated 14 October, 2020 and 14 September, 2021 of the Executive BoM meetings were not signed by the Secretary and the Chairperson;
- (ii) Minutes dated 09 May, 2021 of Procurement Evaluation Committee meeting were not signed by the Secretary and the Chairperson;
- (iii) School Infrastructure Committee meeting minutes dated 01 February, 2021 were also not signed by the Secretary and the Chairperson;
- (iv) The special board meeting dated 05 April, 2022 attendance register and minutes were not signed;
- (v) Further, majority of executive board members did not possess a university degree which is a requirement for appointment to the School Board of Management as a member.

In the circumstances, resolutions passed by the School Board of Management and committees may not be binding and internal controls meant to safeguard operations of the School may not be effective.

3. Lack of Internal Audit Function and Audit Committee

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

In the circumstances, the School did not benefit from the oversight role and advice from the audit committee and the internal audit function and was in breach of the law.

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 the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control 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 control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 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

28 October, 2024

KERINGET SECONDARY SCHOOL NAKURU
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For the year ended 30th June 2021

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021

DESCRIPTION OF VOTE HEAD	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	261,925.75	-
Capitation grants for operations	2	2,789,330.55	-
School Fund Income- Parents' Contributions	3	4,011,347.00	-
School Fund Income- Other receipts	4	399,859.00	-
Repairs and Maintenance			-
TOTAL RECEIPTS		7,462,462.30	-
PAYMENTS			
Payments for Tuition	5	123,610.00	-
Payments for Operations	6	2,279,990.00	-
Boarding and school fund payments	7	2,727,723	-
			-
TOTAL PAYMENTS		5,131,323.00	-
SURPLUS/DEFICIT		2,331,139.30	-

The school financial statements were approved on _____ 2021 and signed by:

Chair BOM

**School Principal/
Secretary to BOM**

**Bursar/
Finance Officer**

Name:..... JANE LANGATI

Name:..... STEPHEN C. CHEMNETICH

Name:..... KEVIN CORNELIUS

Sign: [Signature]

Sign: [Signature]

Sign: [Signature]

Date 23/07/2024

Date..... 23/07/2024

Date..... 23/07/2024

KERINGET SECONDARY SCHOOL NAKURU
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VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2021

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	201,003	-
Cash Balances	9	5,331.75	-
Short term Investment	10	-	-
Total Cash and Cash Equivalents		206,334.75	-
Account's receivables	11	9,029,493.00	-
TOTAL FINANCIAL ASSETS		9,235,827.75	-
FINANCIAL LIABILITIES			
Accounts Payable	12	-	-
NET FINANCIAL SSETS		7,335,888.75	-
REPRESENTED BY			
Fund balance b/fwd. 1st July...	13	5,004,749.45	-
Surplus/Deficit for the year		2,331,139.30	-
NET FINANCIAL POSITION		7,335,888.75	-
		-	-

The School's financial statements were approved on _____ 2021 and signed by:

Name: JANE C. LANGAI
 Chairman, BOM

Name: STEPHEN C. OTHMANWETTEL
 School Principal/Secretary
 to BOM

Name: Kuria Gwendu
 Bursar/Finance

Sign: [Signature]

Sign: [Signature]

Sign: [Signature]

Date: 23/07/2024

Date: 23/07/2024

Date: 23/07/2024

KERINGET SECONDARY SCHOOL NAKURU
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VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Capitation grants for tuition	1	261,925.75	-
Capitation grants for operations	2	2,789,330.55	-
School fund income- Parents contributions/ fees	3	4,011,347.00	-
School fund income- other receipts	4	399,859.00	-
Total receipts		7,462,462.30	-
Payments			-
Payments for Tuition	5	123,610.00	-
Payments for Operations	6	2,279,990.00	-
Boarding and school fund payments	7	2,727,723.00	-
Total Payments		5,131,323.00	-
Cash flow from operating activities		2,331,139.30	-
Increase in receivables		(1,937,133.00)	-
Decrease in payables		(232,565.00)	-
Net cash flows from Operating Activities		-	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Net cash flows from Investing Activities		-	-
NET CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		161,441.30	-
Cash and cash equivalent at BEGINNING of the year		44,893.45	-
Cash and cash equivalent at END of the year		206,334.75	-
		-	-

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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
<i>(1) CAPITATION GRANT ON TUITION</i>						
Textbooks and reference materials	0	-	0	-	-	
Exercise books	156,525	-	156,525	90,000	66,525	72.0%
Laboratory equipment	129,175	-	129,175	80,000	49,175	70.0%
Internal exams	47,123	-	47,123	50,000	(2,877)	40.0%
Teaching / learning materials	110,941	-	110,941	56,758	54,184	68.0%
Chalks	38,007	-	38,007	3,000	35,007	0.0%
Library	42,565	-	42,565	18,905	23,660	68.0%
Teachers guides	0	-	0	-	-	0
Reference/Library	97,264		97,264	10,000	87,264	82.0%
<i>(2)CAPITATION GRANT ON OPERATION</i>						
Personnel emoluments	902,208	-	902,208	800,000	102,208	90.0%
Maintenance and Improvement	1,500,000	-	1,500,000	582,000	918,000	72.0%
Local transport / travelling	76,889	-	76,889	260,704	(183,815)	29.5%
Electricity and water	115,333	0	115,333	260,704	(145,371)	44.2%
Infrastructure						
Administration costs	115,333	-	115,333	468,000	(352,667)	24.6%
Insurance/Medical	89,704	-	89,704	-	89,704	100%
Activity	115,333	-	115,333	-	115,333	100%

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(3) FEES CHARGED ON PARENTS						
Lunch	2,400,000	0	2,400,000	1,279,263	1,123,737	53.0%
Bursary	0	0	0	0	0	0
Local transport / travelling	0	0	0	0	0	0
Electricity and water	0	0	0	0	0	0
Medical	0	0	0	0	0	0
Administration costs	0	0	0	0	0	0
Activity	0	0	0	0	0	0
SMASSE	0	0	0	0	0	0
Fee on Boarding Equipment and Stores	0	0	0	0	0	00
OTHER INCOME						
<i>Fee on Boarding Equipment and Stores</i>	0	0	0	0	0	0
<i>Electricity, water & Conservancy</i>	0	0	0	0	0	0
<i>LT&T</i>	0	0	0	0	0	0
<i>Repairs and Maintenance</i>	0	0	0	582,000	0	0
<i>Personal Emoluments</i>	0	0	0	0	0	0
<i>Admin Costs</i>	0	0	0	0	0	0
<i>Activity</i>	0	0	0	0	0	0
<i>Pocket Money</i>	0	0	0	0	0	0
<i>Caution Money</i>	0	0	0	0	0	0
<i>Tender income</i>	0	0	0	0	0	0
<i>Income from farming activities</i>	0	0	0	0	0	0
<i>Fee for hire of ground and equipment</i>	0	0	0	0	0	0
<i>Income from grants and donations*</i>	0	0	0	0	0	0
<i>Interest income</i>	0	0	0	0	0	0
<i>Dividends income</i>	0	0	0	0	0	0
TOTAL INCOME	5,936,400	0	5,936,400			

KERINGET SECONDARY SCHOOL NAKURU
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(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials	0	0	0	0	0	0
Exercise books	156,525	0	156,525	172,000	(15,475)	0%
Laboratory equipment	129,175	0	129,175	60,000	69,175	89%
Internal exams	47,123	0	47,123	72,000	(24,877)	0
Teaching / learning materials	110,941	0	110,941	0	(69,059)	106%
Chalks	38,007	0	38,007	5,000	33,007	0
Library	42,565	0	42,565	0	42,565	0
Teachers guides	97,264	0	97,264	0	97,264	0
Reference	0	0	0	3,000	(3,000)	0
Bank Charges	0	0	0	435	(435)	0
(2) EXPENDITURE FOR OPERATIONS						
Personal Emoluments	902,208	0	908,208	818,280	(177,632)	119%
Service Gratuity	0	0	0	0	0	0
Administration Cost	115,333	0	115,333	463,321	(249,993)	316%
Maintenance and Improvement	1,500,000	0	1,500,000	582,000	(722,000)	51%
Local transport / travelling	76,889	0	76,889	240,000	25,889	66%
Electricity and water	115,333	0	115,333	84,000	54,333	53%
Activity Expenses	115,333	0	115,333	128,000	115,333	0
Medical expenses	89,704	0	89,704	50,000	39,704	56%
Bank Charges	0	0	0	0	0	0
Acquisition of Assets	0	0	0	0	0	0
Bursary						
Bus hire						
Tender Money						
Caution Money	-	-	-	-	-	-
Personnel emoluments	-	-	-	-	-	-
Service Gratuity	-	-	-	-	-	-
Repairs and maintenance & Improvements	-	-	-	-	-	-
Local transport / travelling	-	-	-	-	-	-
Electricity and water	-	-	-	-	-	-

KERINGET SECONDARY SCHOOL NAKURU
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Medical Expenses	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
Lunch Programme	2,400,000	0	2,400,000	1,092,245	1,307,755	45%
Bank Charges	-	-	-	-	-	-
Expenses on Income Generating Activities	-	-	-	-	-	-
Fee on Boarding Equipment and Stores	-	-	-	-	-	-
Transfers	-	-	-	-	--	-
Insurance Cost (Life Property)	--	-	-	-	-	-
Loan Principal repayment	-	-	-	-	-	-
Loan Interest repayment	-	-	-	-	-	-
Acquisition of Assets	10,126	-	-	10,126	(10,126)	0
TOTAL	5,946,526	0	5,946,400	3,780,407	2,155,993	64%

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 Keringet secondary 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

Keringet secondary school recognises all receipts from the various sources when the event occurs and the related cash has actually been received by Keringet secondary school. In addition, Keringet secondary school recognises all expenses when the event occurs and the related cash has actually been paid out by Keringet secondary school.

3. In-kind contributions

In-kind contributions are donations that are made to Keringet secondary 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, Keringet secondary 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

For the purposes of these financial statements, imprest 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. Keringet secondary 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 2021.

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X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	120,000.00	-
Laboratory equipment	61,925.75	-
Internal exams	25,000.00	-
Teaching / learning materials	30,620.00	-
Chalks	12,860.00	-
Library	-	-
Teachers guides	11,400.00	-
Reference/Library	-	-
Total	261,925.75	-

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	849,854.00	-
Maintenance and Improvement	605,000.00	-
Local transport / travelling	202,139.00	-
Electricity and water	145,000.00	-
Infrastructure	-	-
Administration costs	261,061.27	-
Insurance/Medical	-	-
Activity	-	-
Transfers from lunch	726,276.00	-
Total	2,789,330.55	-

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Lunch	2,609,447.000	-
Bursary	-	-
Local transport / travelling	-	-
Electricity and water	-	-
Transfer from operations	12,800.00	-
Total	624,972.00	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores	-	-
Electricity, water & Conservancy	-	-
LT&T	-	-
Repairs and Maintenance	171,347.00	-
Activity	-	-
Income from farming activities	53,512.00	-
Insurance compensation	-	-
Transfers from operation	175,000.00	-
TOTAL	399,859.00	-

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	98,210.00	-
Laboratory equipment	25,160.00	-
Internal exams	-	-
Teaching / learning materials	240.00	-
Transfer from operation	-	-
Total	123,610.00	-

6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personal Emoluments	668,508.00	-
Administration Cost	94,652.00	-
Maintenance and Improvement	1,199,330.00	-
Local transport / travelling	-	-
Electricity and water	142,500.00	-
Acquisition of Assets	-	-
Transfers to boarding	175,000.00	-
TOTAL	2,279,990.00	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 PAYMENTS FOR SCHOOL FUND

	2020-2021	2019-2020
	Kshs	Kshs
Bursary funds	-	-
Bus hire	-	-
Caution Money	-	-
Personnel emoluments	478,608.00	-
Repairs and Maintenance & Improvements	103,280.00	-
Local transport / travelling	85,950.00	-
Electricity and water and conservancy	41,660.00	-
Medical Expenses[Transfer to operation]	726,277.00	-
Administration costs	221,983.00	-
Boarding Equipment and store	1,003,897.00	-
Bank Charges	-	-
Expenses on Income Generating Activities-farming	66,068.00	-
Loan Interest repayment	-	-
Acquisition of Assets	-	-
TOTAL	2,727,723.00	

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account	01025054202200	89,922.00	-
Operations Account	110167441	6,479.05	-
School Fund Account	1101861460	104,610.95	-
Infrastructure Account	01022054202201	-	-
		-	-
		-	-
		-	-
Total		201,003.00	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 CASH IN HAND

Description		2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		-	-
Operation Account		5,058.00	-
School Fund account		273,75	-
Infrastructure Account			
Total		5,331.75	-

10 SHORT TERM INVESTMENTS

Description		2020-2021	2019-2020
		Kshs	Kshs
Cooperative shares		-	-
Treasury Bills		-	-
Fixed deposit		-	-
Equity stock		-	-
Other investments		-	-
Total		-	-

11 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	9,029,493.00	7,092,360.00
Other non-fees receivables	-	-
Salary advances	-	-
Imprest	-	-
Total	9,029,493.00	7,092,360.00

[Include an ageing of the fees / non fees arrears below]

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	2,110,403.00	2,154,324.00
Fees arrears for the previous year	2,154,324.00	737,416.00
Less recoveries	(173,270.00)	(737,416.00)
Fees arrears for prior periods (over two years)	4,938,036.00	4,938,036.00
Total	9,029,493.00	7,092,360.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	1,891,206.00	2,132,504.00
Prepaid fees	8,733.00	-
Retention monies	-	-
Total	1,899,939.00	2,132,504.00
DESCRIPTION		
Trade creditors for current year	710,044.00	2,132,504.00
Trade creditors for the previous year	2,132,504.00	-
Creditors paid	(951,342.00)	-
Trade creditors for prior periods (over two years)	-	-
TOTAL	1,891,206.00	2,132,504.00

13 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	39,872.75	-
Cash balances	5,020.70	-
Short Term Investments	-	-
Receivables	7,092,360.00	-
Payables	2,132,504.00	-
Total	5,004,749.45	-

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank loan(s)	-	-
Outstanding Leases	-	-
Hire purchase	-	-
Gratuity and leave provision	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	-	-	-
Goats	-	-	-
Trees (Blue gum)	32	-	-
Coffee or tea plantation	-	-	-
Poultry	-	-	-
Total	32	-	-

16 Borrowings

Description	2020-2021	2019-2020
	Kshs	Kshs
a) Borrowings		
Borrowing at beginning of the year	-	-
Borrowings during the year	-	-
Repayments of during the year	(-)	(-)
Balance at end of the year	-	-

Other important disclosure notes

17 Stock/ Inventory

Description	2020-2021	2019-2020
	Kshs	Kshs
b) Borrowings		
Stock/ inventory at beginning of the year	-	-
Stock/ inventory purchased during the year	-	-
Stock/ inventory issued during the year	(-)	(-)
Balance at end of the year	-	-

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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:	Timeframe:

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2021	Comments
	A	B	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1.	2019/2020	2021				
Sub-Total						
Supply of goods						
1 .FIG EDU	33,840					
2. WILLY KEMEI	22,500					
3. BENARD KIPRONO	67,625					
4. AKIYDA TWO THOUSAND LTD	113,600					
5. GEOFFRY KIPLANGAT	86,100					
6. MKULIMA AGRO SUPPLIERS	10,550					
7. JETLINK EDU ENTERPRISES	20,000					
8. COPY SOLUTION	56,000					
9. ANNAH CHIRCHIR	174,693					
10. IDEAL SMART CRAPHICS	163,500					
11. NORAH NGASURA	28,500					
12. CHEMUTAI KORIR	11,300					
13. POSTAL CORPORATION OF KENYA	7,725					
14. N.S.S.F	86,016					
15. COTU	6,300					
16. KUDHEIHA	23,510					
17. SALARY	801,762					
18. MARY CHELANGAT	33,600					
19. DORMSIRY EDU SUPPLY	56,000					
20. N.H.I.F	43,000					
21. REUBEN KOSKEI	20,000					
Supply of Services						
1. FIRE MASTER	89,790					
1.						
2.						
3.						
Sub-Total						
Grand Total	2032504.00			2032504.00	1,899,939.00	

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st Jan 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2021
Land 0.45 HECTARE	2003	Keringet				
Buildings and structures	2004-2020	School				
Classes- 11						
Labs- 2						
Toilets girls 14 doors						
Toilets boys 11 doors						
Staff toilet 2						
Kitchen 1						
Stores 1						
Tanks 2						
Office equipment, furniture and fittings	2009-2021	Classrooms, Laboratory, staffroom				
Lockers – 325						
chairs – 325						
teachers tables- 15						
teachers chair- 20						
plastic chair- 4						
Lab tables- 15						
Computers – 2	2009-2021	Exam room				
Printers- 1						
Photocopier- 1						
Tools and apparatus- 3942		laboratory				
Tanks – 2						
Textbooks - 4190	2009-2021	Books store				
Intangible assets	NA	NA				
Other Machinery and Equipment	NA	NA				
Heritage and cultural assets	NA	NA				
Intangible assets- soft ware	1	Exam office				
Total						



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