

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

**REPORT**

DATE: 30 NOV 2023

DAY

PARLIAMENT  
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OF

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BY:

CLERK-AT  
THE TABLE:

*Am Naomi Wago, MP  
Deputy Majority Whip  
A. Shuboko*

**THE AUDITOR-GENERAL**

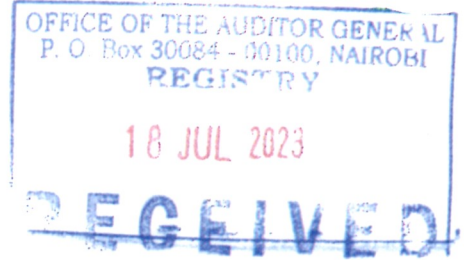
**ON**

**P.C.E.A MAI A IHII HIGH SCHOOL**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

**KIAMBU COUNTY**





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**P.C.E.A MAI A IHII HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30 June 2021.**

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

**P.C.E.A MAI A IHII HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30 June 2021.**

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**P.C.E.A MAI A IHII HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30 June 2021.**

**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, **Kikuyu** Sub-County.

The school was registered in **25/1/2019** under registration number **22S00300328** and is currently categorized as a Sub-County public school established, owned or operated by the Government.

The school is a day school and had **250** number of students as at 30 June 2021. It has **02** streams and **13** teachers of which **0** teachers are employed by the school board of Management.

**(b)School Board of Management- Board Members**

The school Board of Management established under Section 55 of the Basic Education Act, 2013; is composed of the following members:

<b>REF:</b>	<b>NAME OF BOARD MEMBER</b>	<b>DESIGNATION</b>	<b>DATE OF APPOINTMENT</b>
1.	Charles Chege Njoroge	Chairman	11/3/2019
2.	Joseph Kinyanjui Karanja	Secretary- principal	11/3/2019
3.	Robert Njaramba Nguri	Member	11/3/2019
4.	Simon Muriuki Thuita	Member	11/3/2019
5.	Irene Wangui Kiragu	Member	11/3/2019
6.	Sarah Wairi Kamau	Member	11/3/2019
7.	Fredrick Gichuhi Njenga	Member	11/3/2019
8.	Samuel Njoroge Kaniu	Member	11/3/2019
9.	Geoffrey Njoroge Gachie	Member	11/3/2019
10.	Edward Githinji mburu	Member	11/3/2019
11.	Consolata Ochola	Member	11/3/2019
12.	Agnes Wairimu	Member	11/3/2019
13.	Frasiah Muthoni Mwithiga	Member rep teachers	11/3/2019
14.	Pauline Wanjiku Gicharu	Member- Sponsor	11/3/2019
15.	Arch. James Waweru Kimani	Member- Sponsor	11/3/2019
16.	Rev. Eunice Muiru	Member- Sponsor	11/3/2019
17.	Evanson Karuri	Member- Community	11/3/2019
18.	Kenneth Kimani Kinyanjui	Rep Students	11/3/2019

**P.C.E.A MAI A IHII HIGH SCHOOL  
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**(c) Committees of the Board**

<b>Ref:</b>	<b>Name of committee</b>	<b>Names of members</b>	<b>Designation</b>	<b>Number of meetings attended during the year</b>
1.	Executive Committee	1.Charles C. Njoroge 2. Robert Njaramba 3. Pauline W. Gicharu 4. James Mburu 5. Joseph K. Karanja	-Chairman -Member -Member -Treasurer -Secretary	1
2.	Audit/ Finance, Procurement and general purposes Committee	1.James Mburu 2.Evans Karuri 3.Samuel Njoroge K 4.Pauline Gicharu	-Chairman -Secretary -Member -Member	1
3.	Academic Committee	1.Robert Njaramba 2. Irene Kiragu 3. Frasih Kihumba 4. James Kimani 5. Fredrick Gichuhi 6. Rev. Edward Mburu	-Chairman -Secretary -Member -Member -Member -Member	1
4.	Development Committee	1.Charles C. Njoroge 2. Arch James Kimani 3. James Mburu 4. Joseph K. Karanja 5. Consolata Ochola 6. Sub-county director	-Chairman - Member -Member -Member - Secretary -Member	1
5.	Discipline and welfare committee	1.Bishop Geoffrey Gachie 2. Sarah W. Ngige 3. Agnes Wairimu 4. Simon Muiruki 5. Consolata Ochola	-Chairman - Member -Member -Member - Secretary	1
6.	Adhoc Committee	-		-

**(d) School Operation Management**

For the year ended 30 June 2021 the school day to day management was under the following persons:

Ref:	Designation	Name	TSC Number
1.	Principal	Joseph K karanja	252823
2.	Deputy Principal	Consolata Ochola Odera	351249
3.	School Bursar	Boniface Kimachia Njoki	21816246

**(e) School Contacts**

Post Office Box: P.o. box 785-00902 Kikuyu  
Telephone : 0705 582 570  
E mail: [pceamaiaihiihigh@gmail.com](mailto:pceamaiaihiihigh@gmail.com)

**(f) School Bankers**

1. Kenya Commercial Bank  
Kikuyu branch  
1102963526
2. Kenya Commercial Bank  
Kikuyu branch  
1102990930
3. Kenya Commercial Bank  
Kikuyu branch  
1102990787
4. Kenya Commercial Bank  
Kikuyu branch  
1102780537
5. Kenya Commercial Bank  
Kikuyu branch  
1260789136

**(g) Independent Auditors**

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

**P.C.E.A MAI A IHII HIGH SCHOOL  
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For the year ended 30 June 2021.**

**II. SUMMARY REPORT OF THE PERFORMANCE OF THE SCHOOL**

**a) Financial Performance:**

	<b>2021-2020</b>	<b>2020</b>
<b>Surplus/ Deficit</b>	776,883.20	

	<b>2021</b>	<b>2020</b>
<b>Capitation</b>	<b>3,281,675.85</b>	<b>3,449,724.00</b>

	<b>2021</b>	<b>2020</b>
<b>Capitation per Student</b>	<b>12,440.69</b>	<b>13,500.00</b>

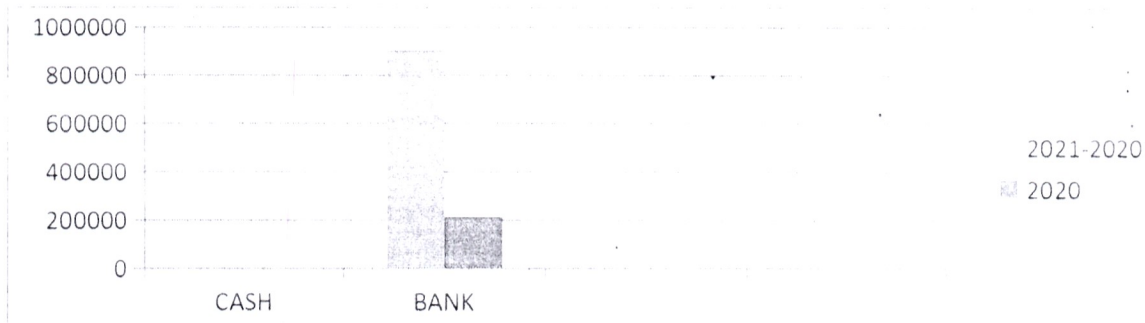
	<b>2021-2020</b>	<b>2020</b>
<b>INCOME</b>	<b>4,093,955.20</b>	

	<b>2021-2020</b>	<b>2020</b>
<b>EXPENDITURE</b>	<b>3,689,672.00</b>	

	<b>2021-2020</b>	<b>2020</b>
<b>Creditors</b>	<b>117,300.00</b>	<b>131,150.00</b>
Debtors	340,000.00	169,425.00

	<b>2021-2020</b>	<b>2020</b>
<b>Cash</b>	<b>372.00</b>	<b>513.00</b>
Bank	905,137.50	214,723.30





**b) TEACHER STUDENT RATIO:**

Teacher Student ratio  $250 / 13 = 19.23$

Number of teachers posted during the year = 1 (Sospeter M. Kamau)

**c) MEAN SCORE IN KCSE**

	2021	2020	2019
Mean score	2.247	2.397	2.804
Students transition			
School set Score	3.0	3.0	3.0

**d) NUMBER OF CANDIDATES KCSE**

	2021	2020	2019
No. of Students	79	68	51

**e) CAPACITY OF THE SCHOOL**

- 8 classrooms
- 2 laboratories
- 1 dining hall
- 14 Toilets

**f) DEVELOPMENT PROJECTS CARRIED OUT BY THE SCHOOL**

- Electricity installation in the dining hall
- Erecting stainless kitchen cabinets
- Construction of a kitchen store
- Purchase of Fire fighting gear

Sign

*[Handwritten Signature]*  
14/7/23

**PRINCIPAL**  
SOSPETER M. KAMAU  
Tel: 785-08902, 78502  
Tel: 0707 589 589

School Principal  
Paul N. Kiragu


**P.C.E.A MAI A IHII HIGH SCHOOL  
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**III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY**


Schedule 4 (Section 3) of the Education Act, 2013 requires that, at the end of each financial year, the 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.

The Board of Management of **PCEA MAI A IHII HIGH SCHOOL** accepts responsibility for the schools 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 schools transactions during the financial year ended 30 June 2021 and of the schools financial position as at that date

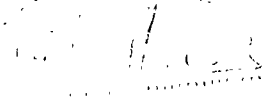
**Name:** Charles Chege Njoroge  
**Designation:** Chairman, School Board of Management  
**Sign:** 

**Date:** 14/7/23

**Name:** Paul N. Kiragu  
**Designation:** School Principal & Secretary to Board of Management  
**Sign:** 

**Date:** 14/7/23

**Name:** Boniface Kimachia Njoki  
**Designation:** Bursar/ Finance Officer  
**Sign:** 

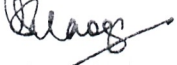
**Date:** 



P.C.E.A MAI A IHII HIGH SCHOOL  
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V.STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30 JUNE 2021.

DESCRIPTION OF VOTE HEAD	NOTE	2020-2021	2019-2020
		Kshs	Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	331,291.25	-
Capitation grants for operations	2.	2,062,329.95	-
School fund income-	3.	-	-
School fund income- parents contributions	4.	1,700,334.00	-
<b>TOTAL RECEIPTS</b>		<b>4,093,955.20</b>	<b>-</b>
<b>PAYMENTS</b>			
Payment for Tuition	5.	181,647.00	-
Payment for operations	6.	1,737,142.00	-
Boarding and school fund payment	7.	1,398,283.00	-
<b>TOTAL PAYMENT</b>		<b>3,317,072.00</b>	<b>-</b>
<b>SURPLUS/DEFICIT</b>		<b>776,883.20</b>	<b>-</b>

The school financial statement were approved on 20 September 2021 and signed by:-

Sign:   
 Name: Charles Chege Njoroge  
 Chairman BOM  
 Date:

Sign:   
 Name: Boniface Kimachia Njoki  
 Bursar/ Finance officer  
 Date: 

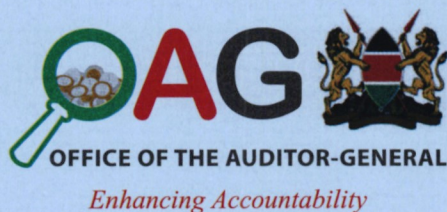
Sign:   
 Name: Paul N Kiragu  
 School principal/ Secretary to BOM  
 Date: 14/7/23

**PRINCIPAL**  
 P.C.E.A MAI A IHII HIGH SCHOOL  
 P.O. Box 785-00022 ERURT  
 TEL: 0705 582 577



# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON P.C.E.A MAI A IHII HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 – KIAMBU COUNTY**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of P.C.E.A Mai A Ihii High School – Kiambu County set out on pages 10 to 18, 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 the statement of budgeted versus actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the P.C.E.A Mai A Ihii High School – Kiambu County for the six months' period ended 30 June, 2021, 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 Basic Education Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Unsupported Payments for Tuition**

The statement of receipts and payments reflects payments for tuition amount of Kshs.181,647 as disclosed in Note 5 to the financial statements. However, these payments did not have supporting documentation including user requisition forms, expenditure authorization, local purchase orders and goods received notes.

In the circumstances, the accuracy and occurrence of the payments for tuition expenditure of Kshs.181,647 could not be confirmed.

#### **2. Unsupported Boarding and School Fund Payments**

The statement of receipts and payments reflects boarding and school fund payment amount of Kshs.1,398,283 as disclosed in Note 7 of the financial statements. The payments includes an amount of Kshs.923,351 in respect of boarding, equipment and stores out of which a payment of Kshs.45,000 lacked supporting documents. In addition, the amount includes an adjustment of Kshs.267,300 which was not performed in line with the provisions of IPSAS 3 and was not supported by the journal entries.

In the circumstances, the accuracy and completeness of boarding and school fund payment amount of Kshs.312,300 could not be confirmed.

#### **3. Unsupported Accounts Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.3,025,062 as disclosed in Note 11 of the financial statements. Included in the balance is an amount of Kshs.2,685,062 in respect of fees arrears that has been outstanding for over two years. In addition, the balance was not supported by schedules and other supporting documents.

In the circumstances, the accuracy, completeness and recoverability of accounts receivables balance of Kshs.3,025,062 could not be confirmed.

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

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.905,510 composed of cash balance of Kshs.372 and bank balance of Kshs.905,138. However, the cash balance was not supported by board of survey report and bank balances were not supported by bank confirmation certificates and bank reconciliation statements.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.905,510 could not be confirmed.

#### **5. Unconfirmed Personnel Emoluments Amount**

The statement of receipts and payments reflects payment for operations amount of Kshs.1,737,142 as disclosed in Note 6 of the financial statements. The amount includes personnel emoluments amount of Kshs.648,120. However, review of the monthly payrolls revealed unclear and unsupported payments to staff defined as "others" and which varied from month to month.

In the circumstances, the accuracy and completeness of personnel emoluments amounting to Kshs.648,120 could not be confirmed.

#### **6. Unsupported Accounts Payables**

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.845,868 as disclosed in Note 12 to the financial statements. Included in the balance is an amount of Kshs.578,568 in respect of trade creditors for prior periods outstanding for over two years. However, the balance was not supported by schedules and no explanations were provided for failure to settle the bills.

In the circumstances, the accuracy and completeness of the accounts payables balance of Kshs.845,868 could not be confirmed.

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

#### **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. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The Public Sector Accounting Standards Board (PSASB) Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya of 20 August, 2021 requires the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 1 January, 2020 to 30 June, 2021 with comparatives being for twelve (12) months from 1 January, 2019 to 30 December, 2019.

Further, a disclosure note ought to have been included in the financial statements that the reason for preparing the financial statements for longer period is due to the adoption of IPSAS for schools and the change from calendar year to government fiscal year. In addition, a disclosure note should be made in the financial statements that the comparative information may not be comparable due to the longer period covered by the current financial period. However, Management presented the annual report and financial statements covering financial year 2020-2021 with comparative balances for financial year 2019-2020. Therefore, the financial statements have not been prepared for eighteen (18) months as prescribed by the Public Sector Accounting Standards Board.

Further, no disclosure was made on the change in the preparation of financial statements from calendar year to government fiscal year or on the lack of comparability due to the longer period covered by the current financial period.

In addition, the financial statements presented for audit did not disclose significant accounting policies, other important disclosure notes, analysis of pending accounts payable and the summary of fixed assets register is blank.

In the circumstances, Management did not comply with guidelines issued by the Public Sector Accounting Standards Board.

### 2. Irregular Transfer of Funds

Examination of expenditure records revealed that the School transferred co-curricular funds amounting to Kshs.24,000 to Kenya Secondary School Heads Association (KSSHA). However, KSSHA is a welfare organization that draws its membership from school principals only and it is not defined in government funding.

In the circumstances, value for money on Kshs.24,000 transferred to KSSHA could not be confirmed.

### **3. Failure to Transfer Infrastructure Funds**

During the year under review, the School received an amount of Kshs.322,284 in March, 2021 and Kshs.370,470 in June, 2021 totalling Kshs.692,754 but no amount was transferred from capitation grants for infrastructure. This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 that directs that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen days upon receipt of the funds in the operations account.

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

### **4. Virement of Funds**

The statement of receipts and payments reflects an amount of Kshs.1,737,142 in respect of payments of operations as disclosed in Note 6 to the financial statements. However, review of the payment vouchers under the vote head of infrastructure and maintenance revealed that transactions amounting to Kshs.170,900 were diverted to other vote head items without approval. This was contrary to the Ministry of Education Circular Ref. No: MOE/G1/9/1/44 dated 9 January, 2008 and MOE.HQS/3/13/3 dated 16 June, 2021 which directs that under the operations account, schools may seek authority from the County Education Board's to vire savings or surplus funds from one item to another, when it is absolutely necessary.

In the circumstances, Management was in breach of the Ministry of Education guidelines.

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

During the year under review, it was noted that the School did not have a procurement plan. This was contrary to Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity shall 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.

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

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

### **Conclusion**

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



## **Basis for Conclusion**

### **1. Lack of Segregation of Duties**

Review of the School accounting system revealed that the entire process of initiating and finalization of revenue collection, receipting and expenditure was executed by a single individual. The functions were not executed in line with system controls requirement for segregation of duties involving initiation, approval and authorization. This exposes the School to possible loss of revenue, inaccurate and incomplete records.

In the circumstances, the effective internal controls in the accounting system could not be confirmed.

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

The School did not provide a fixed asset register and land title deed for its land. It was not possible to confirm the location, use, costs and ownership of the School fixed assets.

In the circumstances, the effectiveness of internal controls on maintenance of fixed assets register and proper control systems of assets management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain its services, disclosing and 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 control 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 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 controls.
- 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
 CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**


**12 October, 2023**


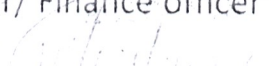
**PUBLIC SECONDARY SCHOOL**  
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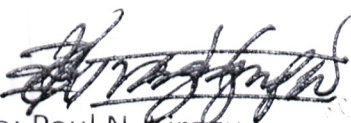
**VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30 JUNE 2021.**

DESCRIPTION OF VOTE HEAD	NOTE	2020-2021	2019-2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and cash Equivalents</b>			
Bank Balances	8	905,137.50	214,723.30
Cash Balances	9	372.00	513.00
Short term Investment	10	-	-
<b>Total Cash and cash equivalent</b>		<b>905,509.50</b>	<b>215,236.30</b>
Accounts receivables	11	3,025,062.00	2,856,162.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,930,571.50</b>	<b>3,071,398.30</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts payables	12	845,868.00	763,578.00
<b>NET FINANCIAL ASSETS</b>		<b>3,084,703.50</b>	<b>2,307,820.30</b>
<b>REPRESENTED BY</b>			
Accumulated Fund b/fwd	13	2,307,820.30	2,307,820.30
Surplus/Deficit for the year		776,883.20	
<b>NET FINANCIAL POSSITION</b>		<b>3,084,703.50</b>	<b>2,307,820.30</b>

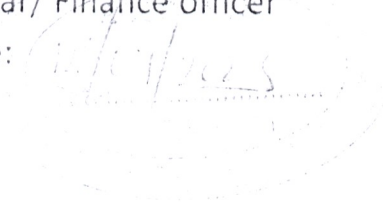
The school financial statement were approved on 20 September 2021 and signed by:-

Sign:   
 Name: Charles Chege Njoroge  
 Chairman BOM  
 Date:

Sign:   
 Name: Boniface Kimachia Njoki  
 Bursar/ Finance officer  
 Date: 

Sign:   
 Name: Paul N. Kiragu  
 School principal/ Secretary to BOM  
 Date: 14/7/23

**PRINCIPAL**  
 PUBLIC SECONDARY SCHOOL  
 P.O. BOX 280, KIDUGU  
 TEL: 011-254-201-2011



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**VII.STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021.**

<b>DESCRIPTION OF VOTE HEAD</b>	<b>NOTE</b>	<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Receipts from operating income</b>			
Capitation grants for tuition		331,291.25	
Capitation grants for operations		2,221,329.95	
School fund income- fee arrears recovered		1,599,574.00	
School fund income- lunch		-	
<b>Total receipts</b>		<b>4,152,195.20</b>	
<b>Payments</b>			
Payments for tuition		245,647.00	
Payment for operations		1,175,156.00	
School fund payments		1,357,133.00	
<b>Total payments</b>		<b>2,777,936.00</b>	
<b>Net cash flow from operating activities</b>		<b>1,374,259.20</b>	
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of assets		(683,986.00)	
<b>Net cash flows from Investing Activities</b>		<b>(683,986.00)</b>	
<b>NET CASHFLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings/ loans		-	
<b>Net cash flow from financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>690,273.20</b>	
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>215,236.30</b>	<b>215,236.30</b>
<b>Cash and cash equivalent at END of the year</b>		<b>905,509.50</b>	<b>215,236.30</b>

**P.C.E.A MAI A IHII HIGH SCHOOL  
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**VIII.STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE  
2021**

Receipts/ expenses item	Original Budget	adjustment	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	%of Utilization
	a	b	C=a+b	d	e=c-d	f=d/c%
<b>RECEIPTS</b>						
<b>1.CAPITATION GRANT ON TUITION</b>						
Text books	320,000.00		320,000.00	-		
Exercise books	200,000.00		200,000.00	10,000.00		
Lab equipments	250,000.00		250,000.00	200,913.75		
Teaching materials	105,000.00		105,000.00	10,000.00		
Chalks	28,760.00		28,760.00	5,905.00		
Internal exams	115,000.00		115,000.00	104,472.50		
<b>2. CAPITATION GRANT ON OPERATION</b>						
PERSONAL EMOLUMENT	1,323,650.00		1,323,650.00	649,800.00		
Repair and maintenance	1,380,000.00		1,380,000.00	930,000.00		
Local transport/ travel	473,110.00		473,110.00	209,903.00		
Electricity and water	246,100.00		246,100.00	72,586.95		
Administration costs	200,100.00		200,100.00	130,040.00		
Activity	391,000.00		391,000.00	20,000.00		
<b>3. FEES CHARGED TO PARENTS</b>						
Lunch	2,415,000.00		2,415,000.00	1,360,334.00		
<b>TOTAL INCOME</b>				<b>3,703,955.20</b>		

<b>EXPENDITURE</b>						
<b>1.EXPENDITURE FOR TUITION</b>						
Text books	320,000.00		320,000.00	-		
Exercise books	200,000.00		200,000.00	55,000.00		
Lab equipments	250,000.00		250,000.00	150,189.00		
Teaching materials	105,000.00		105,000.00	7,000.00		
Chalks	28,760.00		28,760.00	-		
Internal exams	115,000.00		115,000.00	32,216.00		
<b>2. PAYMENT FOR OPERATIONS</b>						
PERSONAL EMOLUMENT	1,323,650.00		1,323,650.00	648,120.00		
Repair and maintenance	1,380,000.00		1,380,000.00	<b>683,986.00</b>		
Local transport/ travel	473,110.00		473,110.00	217,350.00		
Electricity and water	246,100.00		246,100.00	55,205.00		
Administration costs	200,100.00		200,100.00	116,481.00		
Activity	391,000.00		391,000.00	16,000.00		
<b>3. FEES CHARGED TO PARENTS</b>						
<b>Lunch</b>	1,232,700.00		1,232,700.00	656,051.00		
PERSONAL EMOLUMENT	652,700.00		652,700.00	433,800.00		
Local transport/ travel	200,000.00		200,000.00	28,400.00		
Electricity and water	80,000.00		80,000.00	5,000.00		
Administration costs	100,000.00		100,000.00	7,732.00		
Activity	200,000.00		200,000.00	67,150.00		
<b>TOTAL EXPENDITURE</b>				<b>3,179,680.00</b>		

**NOTES ON UNDER UTILIZATION ON ITEMS IN BUDGET**

1. The financial report is for only six months to comply with IPSAS Guidelines and the budget was prepared for one financial year.

**P.C.E.A MAI A IHII HIGH SCHOOL  
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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1 CAPITATION GRANT FOR TUITION**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Textbooks	-	
Exercisebooks	10,000.00	
Laboratory equipments and apparatus	200,913.75	
Teaching/ learning materials	10,000.00	
Chalks	5,905.00	
Internal Exams	104,472.50	
<b>TOTAL</b>	<b>331,291.25</b>	

**2. CAPITATION GRANT FOR OPERATIONS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Personal Emoluments	649,800.00	
Repairs and maintenance	930,000.00	
Local transport and travelling	259,903.00	
Electricity and water	72,586.95	
Administration costs	130,040.00	
Insurance		
Activity	20,000.00	
<b>TOTAL</b>	<b>2,062,329.95</b>	

**3. PARENTS CONTRIBUTIONS- SCHOOL FUND**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Fee arrears for the current year	-	
Fee arrears recovered during the year	-	
Prepaid fees for previous year	-	
<b>TOTAL</b>	<b>-</b>	

**4. SCHOOL FUND- OTHER RECEIPTS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
LUNCH	1,700,334.00	
<b>TOTAL</b>	<b>1,700,334.00</b>	



**P.C.E.A MAI A IHII HIGH SCHOOL  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. PAYMENTS FOR TUITION**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Textbooks	-	
Exercisebooks	-	
Laboratory equipments and apparatus	141,189.00	
Teaching/ learning materials	7,000.00	
Chalks		
Internal Exams	33,458.00	
<b>TOTAL</b>	<b>181,647.00</b>	

**6. PAYMENT FOR OPERATIONS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Personal Emoluments	648,120.00	
Acquisition of Assets	<b>683,986.00</b>	
Local transport and travelling	217,350.00	
Electricity and water	55,205.00	
Administration costs	116,481.00	
Insurance		
Activity	16,000.00	
<b>TOTAL</b>	<b>1,737,142.00</b>	

**7. PAYMENTS FOR SCHOOL FUND**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Lunch	923,351.00	
EWC	5,000.00	
LT&T	28,400.00	
ADMIN costs	7,732.00	
Personal Emoluments	433,800.00	
Activity	-	
<b>TOTAL</b>	<b>1,398,283.00</b>	

**8. BANK ACCOUNTS**

<b>NAME OF ACCOUNT</b>	<b>NUMBER</b>	<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
Tuition Account	<b>1102990787</b>	85,990.75	346.50
Operations Account	<b>1102990930</b>	129,120.55	12,786.60
School Fund Account/ Boarding	<b>1102963526</b>	250,797.00	8,375.00
Savings Account	<b>1102780537</b>	9,333.20	9,333.20
Infrastructure Account	<b>1260789136</b>	429,896.00	183,882.00
<b>TOTAL</b>		<b>905,137.50</b>	<b>214,723.30</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9. CASH IN HAND**

	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account	-	-
Operations Account	3.00	163.00
School Fund Account	369.00	350.00
<b>TOTAL</b>	<b>372.00</b>	<b>513.00</b>

**10. SHORT TERM INVESTMENT**

	2020-2021	2019-2020
	Kshs	Kshs
<b>TOTAL</b>		

**11. ACCOUNTS RECEIVABLE**

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees Arrears	3,025,062.00	2,854,487.00
Other non – fees Receivables		1,675.00
<b>TOTAL</b>	<b>3,025,062.00</b>	<b>2,856,162.00</b>
<b>(Include an ageing of the fees / non fees arrears below)</b>		
Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for the prior periods (over two years)	2,685,062.00	2,671,981.00
Add fee arrears for current year	340,000.00	182,506.00
	<b>3,025,062.00</b>	<b>2,854,487.00</b>
Less recoveries during the year		
<b>TOTAL</b>	<b>3,025,062.00</b>	<b>2,854,487.00</b>

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**12. ACCOUNTS PAYABLE**

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade Creditors (see ageing below)	695,868.00	709,718.00
Prepaid fees for the year	150,000.00	53,860.00
Caution Money		
<b>TOTAL</b>	<b>845,868.00</b>	<b>763,578.00</b>
<b>(Include an ageing of Creditors arrears below)</b>		
Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for prior periods (over two years)	578,568.00	578,568.00
Add trade creditors for the year	117,300.00	131,150.00
	<b>695,868.00</b>	<b>709,718.00</b>
Less Trade Creditors paid during the year		
<b>TOTAL</b>	<b>695,868.00</b>	<b>709,718.00</b>

**13. FUND BALANCE BROUGHT FORWARD**

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	905,137.50	214,723.30
Cash balances	372.00	513.00
Short term Investment	-	-
Receivables	3,025,062.00	2,856,162.00
Payables	(845,868.00)	(763,578.00)
<b>TOTAL</b>	<b>3,084,703.50</b>	<b>2,307,820.30</b>

**P.C.E.A MAI A IHII HIGH SCHOOL  
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X.ANNEX 1 SUMMARY OF FIXED ASSETS REGISTER**

<b>Asset class</b>	<b>Date purchased</b>	<b>location</b>	<b>Historical Cost b/f</b>	<b>Additions During the year</b>	<b>Disposals During the year</b>	<b>Historical Cost c/f</b>
<b>Land</b>	Title hold Kiambu County name					
<b>Buildings and structures</b>						
<b>Motor vehicles</b>	<b>Nil</b>					
<b>Office equipment furniture, fitting</b>						
<b>ICT equipment's</b>						
<b>Tools , apparatus</b>						
<b>Textbooks</b>						
<b>Other machinery</b>						
<b>Heritage and culture assets</b>						
<b>Intangible assets- software</b>						
<b>TOTAL</b>						

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**XI.ANNEX 2 -STOCK/ INVENTORY FOR THE YEAR ENDED 30 JUNE 2021**

<b>P.C.E.A MAI A IHII HIGH SCHOOL</b>					
<b>STOCK BALANCES AS AT 30/6/2021.</b>					
<b>NO.</b>	<b>DESCRIPTION</b>	<b>UNIT</b>	<b>QUANTITY</b>	<b>PRICE</b>	<b>TOTAL</b>
1.	Rice	Kgs	75	120	9,000.00
2.	Tea leaves	Pkts	3	250	750.00
3.	Sugar	Kgs	50	120	6,000.00
4.	Cooking fat	Kgs	15	300	4,500.00
5.	Cooking oil	Litres	5	350	1,750.00
6.	Tissue paper	pcs	12	30	360.00
7.	Salt	Pcs	4	50	200.00
8.	Beans	Kgs	150	100	15,000.00
9.	Maize	Kgs	95	50	4,750.00
10.	Maize flour	bales	2	2,500	5,000.00
11.	Printing papers	Reams	15	400	6,000.00
12.	Foolscaps	Reams	20	350	7,000.00
13.	Exercise Books	Pcs	306	95	29,070.00
14.	Pencils	Pcs	25	25	625.00
15.	Biro pens	Pcs	18	30	540.00
16.	Chalks	Pkts	10	400	4,000.00
17.	Counter books	Pcs	6	450	2,700.00
	<b>TOTAL</b>				<b>97,245.00</b>