

REPUBLIC OF KENYA



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REPORT


OF

THE AUDITOR-GENERAL

ON

MASENO SCHOOL

**FOR EIGHTEEN (18) MONTHS PERIOD ENDED
30 JUNE, 2021**

 KISUMU COUNTY	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 13 NOV 2024	DAY: WEDNESDAY
TABLED BY:	MAJORITY WHIP
CLERK AT THE TABLE:	FINLAY

Revised 30th June 2021.



MASENO SCHOOL
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
30th June 2021
(18 MONTHS)

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

MASENO SCHOL
Annual Report and Financial Statements
For the year ended 30th June 2021

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I. KEY SCHOOL INFORMATION AND MANAGEMENT

II. Key School Information and Management

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is in Kisumu County, Kisumu West Sub-County.

The school was registered in September 1906 as a three streamed school under registration number 42/S/3000/0876 and is currently categorized as a National public school established, owned or operated by the Government.

The school is a boarding school and had 2409 numbers of students as at 30th June 2021. It has 12 streams and 92 teachers of which 27 teachers are employed by the School Board of Management.

(b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	Dr. Olango Onudi	Chairman	March,2020
2	Mr. Peter Owino	Secretary- Principal	January,2022
3	Bishop Charles Onginjo	Member- Sponsor	March,2020
4	Ms Olympia Okal	Vice Chair Person	March,2020
5	Ms Grace Otieno	Member	March,2020
6	Mr. Wilson Sankei	Member	March,2020
7	Dr. Luchetu Likaka	Member	March,2020
8	Ms Dorothy Osir	Member	March,2020
9	Ms Damar Odhiambo	Member Rep Teachers	March,2020
10	Mr. Alfred Opiyo	3 Members - Sponsor	March,2020
11	Mr. Walter Odhiambo	Member - Community	March,2020
12	Mr. Ms Rose Koweru	Member Special Needs	March,2020
13	Mr. Benard Kochieng	Rep Students	March,2020
14	Prof Basil Ongor	Member	March,2020
15	Mr. Patrick Nyagosia	Member	March,2020
16	Mr. Charles Gitau	Member	March,2020
17	Mr. Handy Ogoma	Member	March,2020
18	Mr. Christopher Rusana	P.A Chairman	March,2020
19	Ms Norah Otieno	Member	March,2020

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The function of the School Board of Management include:

- Promote the best interests of the school and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the school
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the school.
- Determine cases of 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.

MASENO SCHOL

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For the year ended 30th June 2021

(c) Committees of the Board

R	Committees of the Board	Name of Members	Designatiy	No. of
No.	Name of the Committee	Name of Members	Designatiy	Meetings Attended in the F/Y
1	Executive Committee	Dr. Olango Onudi	Chairman	
		Mr. Peter Owino	Principal	
		Ms. Olympia Okal	Member	
		Mr. Alfred Opiyo	Member	
		Mr. Christopher Rusana	P.A Chairman	3 Out of
2	Audit Committee	Dr. Olango Onudi	Chairman	
		MR. Peter Owino	Principal	
		Ms. Olympia Okal	Member	
		Mr. Christopher Rusana	Member	
		Mr. Alfred Opiyo	Member	3 Out of 3
3	Finance Procurement & General Purposes Committee	Dr. Olango Onudi	Member	
		MR. Peter Owino	Member	
		Mr. Christopher Rusana	Member	
		Mr. Alfred Opiyo	Chairman	3 Out of 3
4	Academic Committee	Prof Basil Ongor	Chairman	
		Mr. Patrick Nyagosia	Member	6 Times
		Ms. Olympia Okal	Member	
		Ms. Dorothy Osir	Member	
5	Development Committee	Ms. Norah Otieno	Chair Person	5 Times
		MR. Peter Owino	Member	
		Mr. Christopher Rusana	Member	
		Mr. Benard Kochungo	Member	
6	Discipline & Welfare Committee	Ms. Grace Otieno	Chair Person	8 Times
		Ms. Damar Odhiambo	Member	
		Mr. John Ombija	Member	
		Ms. Dorothy Osir	Member	
7	Tender Opening	Ad hoc		Once
	Tender Evaluation	Ad hoc		Once
	Tender Acceptance & Inspection	Ad hoc		Once

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(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	Identification
1	Principal	Mr Peter Otieno Owino	TSC No. 387271
2	Deputy Principal	Mr Peter Ochieng Nyawach	TSC No. 442529
3	Deputy Principal	Mr John Okoth	TSC No. 427442
4	School Bursar	Mr Joshua Aringo	I.D no. 1123414

(e) Schools contacts

Post Office Box: 120, Maseno
Telephone: 0722626745
E-mail: Maseno_school@yahoo.com
Website: www.masenoschool.sc.ke

(f) School Bankers

Name of Bank:
Cooperative Bank A/C No. 01129012485601, 01129012485600 –Boarding Account
Cooperative Bank A/C No.01139012485600 –Tuition Account
Cooperative Bank A/C No.01139012485601 –Operations Account
Branch Kisumu
Equity Bank A/C No. 1260262295839 – Boarding Account
Branch Kisumu
Kenya Commercial Bank A/C No. 1265957878 Infrastructure Account
Luanda Branch

(g) Independent Auditors

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

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III. 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:

a	FINANCIAL PERFORMANCE	FY
	YEAR	2020/21
	SURPLUS/DEFICIT	(1,886,278.00)
	MoE CAPITATION GRANT	49,226,898.00
	FEES COLLECTION FROM PARENTS	128,570,270.00
	EXPENDITURE	179,683,446.00
	ACCOUNTS RECEIVABLES	61,575,537.00
	ACCOUNTS PAYABLES	5,512,092.00
	TOTAL CASH & CASH EQUIVALENT	12,274,522.00

b) Teacher Student ratio:

TEACHERS STUDENTS' RATIO	1:28
YEAR	2021
NO. OF TEACHERS TSC	65
NO. OF BoM REACHERS	27
TOTAL	92
NO. OF TEACHERS RECRUITED TSC	0
NO. OF TEACHERS TRANSFERRED	0
NO. OF BoM REACHERS	0

a) Mean score in the 2021 KCSE:

c	MEAN SCORE IN KCSE	
	YEAR	2021
	NO. OF STUDENTS CANDIDATES	546
	MEAN SCORE	9.581
	TRANSITION TO UNIVERSITY	496

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b) Number of Candidates in the 2021/ KCSE:

d	NO. OF CANDIDATES IN TERMS OF PERFORMANCE	FY
	YEAR	2021
	ENTRY	546
	A	20
	A-	74
	B+	116
	B	121
	B-	91
	C+	74
	C	41
	C-	8
	D+	1
	D	0
	D-	0
	E	0
	X	0
	Y	0
	MEAN GRADE	8.8626

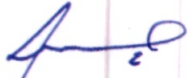
c) Capacity of the school:

e	CAPACITY OF THE SCHOOL	FY
	YEAR	2021
	No. OF STUDENTS	2409
	DINING HALL	1
	LABORATORIES	8
	TOILETS	122
	CLASSROOMS	41
	DORMITORIS	18

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d) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
5No. Class Rooms	MiF	Complete	14,884,600	14,884,600.00	
Dormitory 230 Capacity	TiG&MiF	Complete	5,500,000.00	5,500,000.00	
12 Doors Ablution	MiF	Complete	2,910,530.00	2,910,530.00	
Carro works	MiF	Complete		1,500,000.00	



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School Principal

MASENO SCHOOL
 Email:maseno-school@yahoo.com
 21 AUG 2021
 P. O. Box 120 - 40105
 MASENO

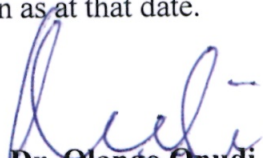
IV. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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


The Board of Management of *Maseno 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: Dr. Olango Onudi

Designation: Chairman, School Board of Management

Date: 30/09/2021


.....
Name: Mr. Peter Owino

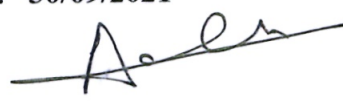
Designation: School Principal & Secretary to Board of Management

Date: 30/09/2021

.....
Name: Mr. Joshua Aringo

Designation: Bursar/ Finance Officer

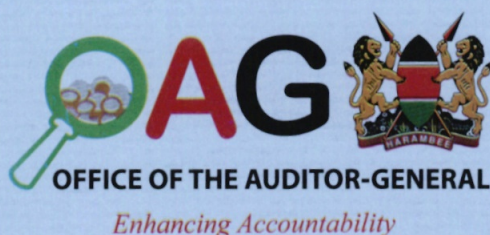
Date: 30/09/2021





REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON MASENO SCHOOL FOR EIGHTEEN (18) MONTHS PERIOD ENDED 30 JUNE, 2021 – KISUMU 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 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 overall 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 Maseno School – Kisumu County set out on pages 11 to 21, 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 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 Maseno School – Kisumu County as at 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 the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Accounts Receivables

1.1. Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.61,575,537 as disclosed in Note 9 to the financial statements. However, detailed ageing analysis to assess the status of outstanding fees owed to the School by students and the length of time they had remained outstanding were not provided.

In the circumstances, the accuracy and completeness of accounts receivables balance of Kshs.61,575,537 could not be confirmed.

1.2. Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.61,575,537 in respect of fees arrears as disclosed in Note 9 to the financial statements. However, included in the balance are receivables amounting to Kshs.15,769,795 which had been outstanding for more two (2) years.

In the circumstances, the accuracy, completeness and recoverability of the receivables balances of Kshs.15,769,795 could not be confirmed.

2. Unsupported Accounts Payable

The statements of financial assets and liabilities reflects accounts payable balance of Kshs.5,512,092 in respect of trade creditors and as disclosed in Note 10 to the financial statements. However, Management did not prepare an ageing analysis to assess the status of outstanding balances due to the creditors and the length of time they had remained outstanding.

In the circumstances, the accuracy and completeness of accounts payables balance of Kshs.5,512,092 could not be confirmed.

3. Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.12,274,522 as disclosed in Notes 7 and 8 to the financial statements. Included in the balances are Kshs.10,404,971 and Kshs.1,869,551 in respect of bank balance and cash in hand respectively. However, the bank balance, bank accounts and the cash balance were not supported by certificate of bank balances, bank reconciliation statements and board of cash survey report.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.10,404,971 could not be confirmed.

4. Unsupported Bank Loan

Review of other important disclosure notes on non-current liabilities summary revealed balance of Kshs.12,564,322 in respect of bank loan for a school bus with a local bank and as disclosed in Note 11 to the financial statements. However, the supporting documents including approval authorities from Ministry of Education, Board of Management approval minutes, loan contract agreement, bank statement and loan repayment schedules were not provided for audit review.

In the circumstances, the accuracy and completeness of the bank loan for school bus balance of Kshs.12,564,322 could not be confirmed.

5. Presentation and Disclosures of the Financial Statements

Review of the annual report and financial statements for the period ended 30 June, 2021 revealed the following anomalies;

- i. Key School Information and Management did not include Parents Association bank account.
- ii. The annual report is presented for the period ended 18 months however the headers of the report reflect the year ended 30 June, 2021.
- iii. The statement of receipts and payments and cash flows are presented for the period ended 2021 instead of 18 months.
- iv. The statement of budget versus actual amounts is presented for the year ended 30 June 20xx.
- v. Summary of fixed assets register is not included as part of the annexure to the financial statements.
- vi. Inconsistency in Note numbering to the financial statements and respective Notes.
- vii. The financial statements presented for audit review did not include significant accounting policies.

In the circumstances, Management did not comply with guidelines issued by Public Sector Accounting Standards Board (PSASB) in the preparation of the annual report and financial statements.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Maseno 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.

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.229,739,168 and Kshs.177,797,168 respectively, resulting to under-funding of Kshs.51,941,935 or 23 % of the budget.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public and over spending above the approved budget results to unauthorized expenditure.

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.6,444,587 and Kshs.42,782,311 respectively as disclosed in Notes 1 and Note 2 to the financial statements. During the financial year, NEMIS reported a total number of one thousand eight hundred and one (1,801) students while the enrolment records provided by the School indicated a total

number of two thousand four hundred and nine (2,409) students, resulting to an unexplained variance of six hundred and eight (608) students. As a result of the variances, the School was under-funded by an amount of Kshs.3,073,440

In the circumstances, the under-funding of the School may have affected service delivery to the schools 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.49,226,898 and as disclosed in Note 1 and 2 to the financial statements. 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 one thousand eight hundred and one (1,801) students while records from the County Director of Education had two thousand four hundred and nine (2,409) students, resulting to an under-funding of the School by an amount of Kshs.3,073,440. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 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, over-funding of the School was contrary to the Ministry guidelines on disbursement of Free Day Secondary Education (FDSE) funding.

3. Excess Supply of Books

During the year/period under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Examination of records revealed that the Institute distributed eight thousand nine hundred and sixty-eight (8,968) books to the School while only six thousand one hundred and fourteen (6,114) books were issued to the students, resulting to an unexplained excess text books of two thousand eight hundred and fifty-four (2,854) books in the School store. Further included in the 2,854 excess copies were two thousand seven hundred and fifty-three (2,753) copies of three literature set books that were not selected or used by the School and therefore were left idle in the store.

In the circumstances, value for money on the excess text books of two thousand eight hundred and fifty-four (2,854) books could not be confirmed.

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. Further, physical verification of the dormitories within the school revealed that they were overcrowded and

therefore do not meet the requirements of Regulation 83(k) which requires the space between beds to be at least 1.2 meters for institutions with boarding facilities

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

5. Failure to Transfer Infrastructure Funds

The statement of receipts and payments reflects capitation grants for operation of an amount of Kshs.42,782,311 which includes an amount of Kshs.13,268,900 in respect of repairs and maintenance and as disclosed in Note 2 to the financial statements. However, review of the operations bank accounts details revealed that only a total amount of Kshs.4,100,000 in respect of infrastructure funds were transferred to the School infrastructure account resulting to an amount of Kshs.9,168,900 not transferred. This was contrary Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which states that that 'infrastructure grants as well as maintenance and improvement funds 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 law.

6. Lack of Procurement Plan

The statement of receipts and payments reflects an amount of Kshs.177,797,168 and Kshs.179,683,446 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

7. Irregular Procurement on Cash Payment

The statement of receipts and payments reflects boarding and school fund payments of Kshs.132,728,151 as disclosed in Note 6 to the financial statements. Included in the balance is administration cost of Kshs.12,764,395. However, audit review of the expenditure revealed that the administration cost of the amount totalling Kshs.2,538,092 were purchased through cash payments. This was contrary to Regulations 92 (a) which requires that a procuring entity may use low value procurement method under Section 107(b) of the Act, where the estimated cost of the goods, works or services being procured per item per financial is as per the threshold matrix in the Second Schedule which allows a maximum level of expenditure of Kshs.50,000 per item per financial year.

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

8. Lack of Ownership and Fixed Asset Register

The financial statements presented for audit did not include a summary of the fixed assets register as prescribed in the reporting requirements set by the Public Sector Accounting

Standards Board and fixed assets register was not maintained. However, land ownership documents and motor vehicle log books were not provided for audit

In the circumstances, the existence of an effective assets management mechanism and the ownership of the School land could not be confirmed.

9. Imbalance and Unapproved Budget

The statement of budgeted versus actual amounts reflects a final income budget of Kshs.229,739,168 and final expenditure budget of Kshs.214,528,668 resulting to a difference of Kshs.15,210,500. The budget imbalance is contrary to the provisions of Section 33(c) of the Public Finance Management (National Government) Regulations, 2015, which states that budget revenue and expenditure appropriation shall be balanced.

Further, the budget amounts presented in the statement of budgeted versus actual amounts were not supported by approved budget. This was contrary to Regulation 31(1)(2) of the Public Finance Management (National Government) Regulations, 2015 which states that 'an Accounting Officer shall ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and these Regulations. Further, the Accounting Officer is responsible, in particular for ensuring that all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his national government entity during the financial year and the estimates are submitted to The National Treasury in the manner and format to be issued by the Cabinet Secretary'.

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

10. Late Submission of Financial Statements to the Auditor-General

The financial statements for School for the period ended 30 June, 2021 were submitted to the Auditor-General for audit on 22 May, 2024, a delay of thirty-two (32) months after the end of the fiscal year to which the accounts relate. This is contrary to Section 47 of the Public Audit Act, 2015 which states that 'the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate'.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee (Internal Controls, Risk Management and Governance)

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

In the circumstances, the School did not benefit from the oversight role and advice from the audit committee and the internal audit function.

2. School's Board of Management

Review of the governance structure of the School revealed existence of Board of Management. However, the personal files of Board Members did not contain appointment letters, acceptance of appointments, Curriculum Vitae, testimonials and passport photos of Board Members and calendar of Board meetings for the period were not provided for audit review. The Board did not maintain individual minute files for full board and sub-committees' meetings held. The Board minutes provided for audit review were not signed by the Chairman and the Secretary to the Board. Further, payments of Board Members' allowances could not be confirmed as payment vouchers and members' attendance registers were not provided for review.

In the circumstances, the effectiveness of governance could not be confirmed.

3. Lack of Risk Management Policy and IT Policy

Review of the documents provided for audit revealed that the School Management had not established a Risk Management Policy to guide on the development of risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations'. In addition, the School did not approve Information Technology Policy for governance and management of its ICT resources.

In the circumstances, the effectiveness of risk management could not be confirmed.

4. Lack of Insurance Cover for Assets

Review of the financial statements and assets records revealed that the School Management did not have insurance cover for its assets and equipment.

In the circumstances, the School is exposed to losses without compensation in case of fire, theft or any other unforeseen calamities.

5. Weak Human Resource Management Practices

Review of personnel records show that the School does not have in place a human resource policy, an approved salary structure, an approved scheme of service for its staff, defined job categories by profession, qualifications and experience, career progression and conditions of progression. In the absence of the scheme of service, it was not possible to ascertain how recruitments, promotion and rewards of staff were determined. This has the effect of creating unfair human resource practices affecting employee's morale negatively.

In addition, the payrolls were maintained in excel format which can be altered without a trail. The payrolls do not include personal numbers, date of employment, date of retirement and job grade of the employees.

In the circumstances, the regularity of personnel emoluments could not be confirmed.

6. Management of Scholarship and Bursaries

During the year under review, the School Management did not maintain a complete list of students issued with bursaries/scholarships indicating the admission numbers and financiers/donors. Further, School's manual enrolment register for the period under review revealed inconsistencies between the number of students captured in the two registers with the number of students captured in NEMIS being less than the number in the School's manual register. The variances resulted in under-funding of the School by Kshs.758,250.

In the circumstances, effectiveness of controls over management of student enrolment could not be confirmed.

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

Responsibilities of Management and 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


09 October, 2024

MASENO SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021

DESCRIPTION OF VOYE HEAD	Note	2020-2021
		Kshs
RECEIPTS		
Capitation grants for tuition	1	6,444,587.00
Capitation grants for operations	2	42,782,311.00
School Fund Income- Parents' Contributions	3	128,570,270.00
TOTAL RECEIPTS		177,797,168.00
PAYMENTS		
Payments for Tuition	4	6,202,319.00
Payments for operations	5	40,752,976.00
Boarding and school fund payments	6	132,728,151.00
TOTAL PAYMENTS		179,683,446.00
SURPLUS/DEFICIT		(1,886,278.00)

The school financial statements were approved on 30TH September 2021 and signed by:

Sign: 
 Name **Dr. Olango Onudi**

Chair BOM

Date 30th Sept 2021

Sign 
 Name **Mr. Peter Owino**

**School Principal/
 Secretary to BOM**

Date 30th Sept 2021

Sign 
 Name **Joshua Aringo**

**Bursar/
 Finance Officer**

Date 30th Sept 2021

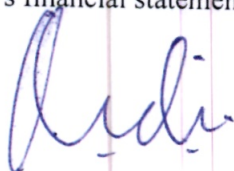


MASENO SCHOL
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For the year ended 30th June 2021

VII. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2021

	Note	2020-2021 Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	7	10,404,971.00
Cash Balances	8	1,869,551.00
Total Cash and cash equivalent		<u>12,274,522.00</u>
Accounts receivables	9	61,575,537.00
TOTAL FINANCIAL ASSETS		73,850,059.00
FINANCIAL LIABILITIES		
Accounts Payables	10	5,512,092.00
NET FINANCIAL ASSETS		<u>68,337,967.00</u>
REPRESENTED BY		
Accumulated Fund b/fwd	11	70,224,245.00
Surplus/Deficit for the year		(1,886,278.00)
NET FINANCIAL POSITION		<u>68,337,967.00</u>

The School's financial statements were approved on 30th September 2021 and signed by:



Name: Dr. Olango Onudi
Chairman, BoM

Sign:

Date: 30-09-21

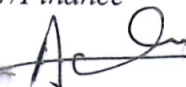


Name: Mr. Peter Owino
School Principal/Secretary to BoM

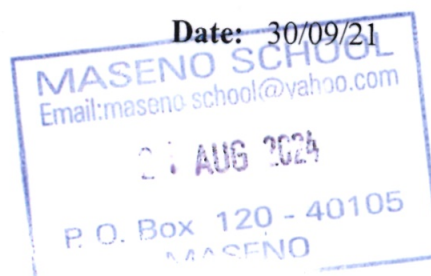
Sign:

Date: 30/09/21

Name: Joshua Aringo
Bursar/Finance

Sign: 

Date: 30/09/21



MASENO SCHOL
Annual Report and Financial Statements
For the year ended 30th June 2021

VIII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

		2020-2021
		Kshs
Receipts for operating income		
Capitation grants for tuition	1	6,444,587.00
Capitation grants for operations	2	42,782,311.00
School fund income- Parents contributions/ fees	3	128,570,270.00
Total receipts		177,797,168.00
Payments		
Payments for Tuition	4	6,202,319.00
Payments for operations	5	40,752,976.00
Boarding and school fund payments	6	132,728,151.00
Total payments		179,683,446.00
Net cash flow from operating activities		(1,886,278.00)
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets		0
Acquisition of Assets		0
Proceeds from investments		0
Purchase of investments		0
Net cash flows from Investing Activities		0
CASHFLOW FROM BORROWING ACTIVITIES		
Proceeds from borrowings/ loans		0
Repayment of principal borrowings		0
Net cash flow from financing activities		0
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,886,278.00)
Cash and cash equivalent at BEGINNING of the year		14,160,800.00
Cash and cash equivalent at END of the year		12,274,522.00

IX. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 20XX

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c.%
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Teaching / learning materials	9,982,896.00	0	9,982,896.00	6,444,587.00	3,538,309.00	68%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	9,057,840.00	0	9,057,840.00	0	0	0
Local transport / travelling	4,528,920.00	0	4,528,920.00	0	0	0
Electricity and water	4,528,920.00	0	4,528,920.00	0	0	0
Administration costs	4,528,920.00	0	4,528,920.00	0	0	0
Other Vote Heads(P/emol,Ltt,Ewc,Adm)	22,644,600.00	0	22,644,600.00	26,474,637.00	(3,830,037.00)	116%
Repairs and maintenance	12,045,000.00	0	12,045,000.00	13,268,900.00	1,223,900.00	110%
Medical	4,818,000.00	0	4,818,000.00	404,170.00	4,413,830.00	8%
Activity	3,613,500.00	0	3,613,500.00	808,340.00	2,805,160.00	22%
Smasse	481,800.00	0	481,800.00	0	481,800.00	0
BoM Teachers Personal Emolument	0	0	0	1,860,000.00	(1,860,000.00)	0
Sub Total	43,602,900.00	0	43,602,900.00	42,782,311	820,589.00	98%
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	19,629,495.00	0	19,629,495.00	9,549,198.00	10,080,297.00	49%
Repairs and maintenance	4,818,000.00	0	4,818,000.00	4,087,688.00	730,312.00	85%
Local transport / travelling	9,814,747.00	0	9,814,747.00	3,305,223.00	6,509,525.00	34%
Electricity and water	9,814,747.00	0	9,814,747.00	10,635,818.00	(821,070.00)	108%
Medical	1,223,772.00	0	1,223,772.00	722,552.00	501,220.00	59%
Administration costs	9,814,748.00	0	9,814,748.00	4,800,379.00	5,014,369.00	49%
Activity	1,922,382.00	0	1,922,382.00	1,245,814.00	676,568.00	65%

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Fee on Boarding Equipment and Stores	73,197,465.00	0	73,197,465.00	92,118,789.00	(18,921,324.00)	126%
BoM Teachers Personal Emolument	7,227,000.00	0	7,227,000.00	32,400.00	7,194,600.00	0
Development	36,135,000.00	0	36,135,000.00	583,816.00	35,551,184.00	2%
Insurance Medical & Property	2,555,949.00	0	2,555,949.00	1,488,593.00	1,067,356.00	58%
Sub Total	176,153,307.00		176,153,307.00	128,570,270.00	47,583,037.00	73%
TOTAL INCOME	229,739,103.00		229,739,168.00	177,797,168.00	51,941,935.00	77%
(1) EXPENDITURE FOR TUITION						
Teaching / learning materials	11,543,928.00	0	11,543,928.00	6,202,319.00	5,341,609.00	54%
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	13,863,795.00	0	13,863,795.00	16,371,026.00	(2,507,231.00)	118%
Repairs, maintenance& improvements	4,543,374.00	0	4,543,374.00	18,565,028.00	(14,021,654.00)	409%
Local transport / travelling	4,415,697.00	0	4,415,697.00	370,200.00	4,045,497.00	0
Electricity, water and conservancy	7,590,759.00	0	7,590,759.00	2,756,474.00	4,834,285.00	8%
Administration costs	3,786,948.00	0	3,786,948.00	1,426,740.00	2,360,208.00	38%
Activity Expenses	3,025,704.00	0	3,025,704.00	834,250.00	2,191,454.00	28%
Insurance Medical & Property	4,815,591.00	0	4,815,591.00	162,141.00	4,653,450.00	3%
Other Vote heads	0	0	0	267,117.00	(267,117)	0
SubTotal	42,041,868.00		42,041,868.00	40,752,976.00	1,288,892.00	
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	21,952,992.00	0	21,952,992.00	12,859,413.00	9,093,579.00	59%
Repairs, maintenance and improvements	17,450,000.00	0	17,450,000.00	6,767,171.00	10,682,829.00	39%
Local transport / travelling	12,043,200.00	0	12,043,200.00	7,586,508.00	4,456,692.00	63%
Electricity, water and conservancy	12,730,750.00	0	12,730,750.00	7,714,574.00	5,016,176.00	61%
Medical Expenses	3,292,800.00	0	3,292,800.00	388,320.00	2,904,480.00	12%

MASENO SCHOL
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Receipt/expense Item	Original Budget	Amendments	Final Budget	Actual on Comparable Basis	Budget Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Administration costs	4,520,975.00	0	4,520,975.00	12,764,395.00	(7,958,707.00)	276%
Activity	5,993,810.00	0	5,993,810.00	1,881,055.00	4,112,755.00	31%
Development	13,800,000.00	0	13,800,000.00	24,400.00	13,775,600.00	0
Boarding Equipment and Stores	64,214,810.00	0	64,214,810.00	82,559,341.00	(18,629,244.00)	129%
Insurance costs	4,943,535.00	0	4,943,535.00	182,974.00	4,760,561.00	4%
Sub Emolument	160,942,872.00	0	160,942,872.00	132,728,151.00	28,214,721.00	0
TOTALS	214,528,668.00	0	214,528,668.00	179,683,446.00	34,845,222.00	0

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021
	Kshs
Teaching / learning materials	6,444,587.00
Total	6,444,587.00

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021
	Kshs
Personnel emoluments (BoM Teachers)	1,860,000.00
Repairs and maintenance	13,268,900.00
Local transport / travelling	0
Electricity and water	0
Medical	404,170.00
Administration costs	66,537.00
Activity	808,340.00
Other Vote heads	26,224,364.00
Transfer from Boarding Account	150,000.00
Total	42,782,311.00

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021
	Kshs
Personnel emoluments	9,401,821.00
Repairs and maintenance	4,087,688.00
Local transport / travelling	3,305,223.00
Electricity and water	10,635,818.00
Medical	722,552.00
Administration costs	4,800,379.00
Activity	1,245,814.00
Fee on Boarding Equipment and Stores	92,118,789.00
Bom Teachers P/Emol	32,400.00
Development	583,816.00
Insurance Medical & Property	1,488,593.00
Other Vote Heads	147,377.00
Total	128,570,270.00

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4 PAYMENTS FOR TUITION

	2020-2021
	Kshs
Exercise books	4,544,815.00
Laboratory equipment	560,000.00
Teaching / learning materials	1,074,144.00
Bank Charges	23,360.00
Total	6,202,319.00

5 PAYMENTS FOR OPERATIONS

	2020-2021
	Kshs
Personnel emoluments	16,371,026.00
Administration Cost	1,426,740.00
Repairs and maintenance & improvements	18,565,028.00
Local transport / travelling	370,200.00
Electricity and water	2,756,474.00
Activity Expenses	834,250.00
Insurance Cost	162,141.00
Other Voteheads	267,117.00
TOTAL	40,752,976.00

5 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021
	Kshs
Personnel emoluments	12,859,413.00
Repairs and maintenance & Improvements	6,767,171.00
Local transport / travelling	7,586,508.00
Electricity and water	7,714,574.00
Medical Expenses	388,320.00
Administration costs	12,764,395.00
Development	24,400.00
Boarding Equipment and Stores	82,559,341.00
Insurance Cost (Life Property)	182,974.00
Activity	1,881,055.00
TOTAL	132,728,151.00

MASENO SCHOL
Annual Report and Financial Statements
For the year ended 30th June 2021

6. BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021 Kshs
Tuition Account	01139012485600	362,427.00
Operations Account	01139012485601	4,552,446.00
School Fund Account/Boarding	01129012485600	274,759.00
School Fund Account/Boarding	01129012485601	916,099.00
School Fund Account/Boarding	1260262295839	1,144,935.00
Infrastructural Account	1265957878	3,154,305.00
Total		10,404,971.00

7. CASH IN HAND

Description	2020-2021 Kshs
Tuition Account	0
Operation Account	0
School Fund account(Cheques & Cash)	1,869,551.00
Total	1,869,551.00

8 ACCOUNTS RECEIVABLE

Description	2020-2021 Kshs
Fees arrears	61,575,537.00
Total	61,575,537.00

Description	2020-2021 Kshs
Fees arrears for current year	26,475,626.00
Fees arrears for the previous year	19,330,116.00
Fees arrears for prior periods (over two years)	15,769,795.00
Total	61,575,537.00

MASENO SCHOL
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9. ACCOUNTS PAYABLE

Description	2020-2021
	Kshs
Trade creditors (See ageing below and appendix 1)	5,512,092.00

Description	2020-2021
	Kshs
Trade creditors for current year	5,512,092.00
Total	5,512,092.00

10. FUND BALANCE BROUGHT FORWARD

Description	2020-2021
	Kshs
Bank Balances:	
Tuition Account	120,278.00
Operations Account	1,044,447.00
School Fund Account/Boarding(01129012485600)	1,432,496.00
School Fund Account/Boarding(01129012485601)	6,025,300.00
School Fund Account/Boarding(1260262295839)	5,538,279.00
Receivables	70,038,945.00
Payables	(13,975,500.00)
Total	70,224,245.00


11 Non-current Liabilities Summary

Description	2020-2021
	Kshs
Bank loan(School Bus Loan at Equity Bank)	12,564,322.00
Total	12,564,322.00

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)



MASENO SCHOOL
 Email: maseno-school@yahoo.com
 21 AUG 2024
 P. O. Box 120 - 40105
 MASENO

Maseno School
 Reports and Financial Statements
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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 2021
	a	b	c	d = a - c	
	Kshs	Kshs	Kshs	Kshs	
Supply of goods & Supply of services					
1. ALARA MOTORS	750,000.00	3,943,260.00	3,943,260.00	750,000.00	
2. AWENDO EBENEZAR	703,130.00	250,000.00	250,000.00	703,130.00	
3. BESHONA ENTERPRISES	800,000.00	564,000.00	564,000.00	800,000.00	
4. BRAGAD GENERAL ENTERPRISES	0	944,000.00	794,000.00	150,000.00	
5. CITY HILL	0	2,800,000.00	1,995,800.00	804,200.00	
6. KISUMU MODERN ELECTRICALS	735,220.00	1,624,595.00	1,609,815.00	750,000.00	
7. LINDUM SYSTEMS	0	3,963,762.00	2,409,000.00	1,554,762.00	
Grand Total				5,512,092.00	