


REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

 REPORT NATIONAL ASSEMBLY PAPERS LAID	
DATE:	20 NOV 2024
	DAY: Wednesday
TABLED BY:	Hon. Naomi Waga, MP Deputy Majority Whip
CLERK-AT THE TABLE:	Irene Nduku

THE AUDITOR-GENERAL

ON

GACHIKA SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2023**

NYERI COUNTY



GACHIKA SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

(Leave this page blank)

GACHIKA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Table of Contents	Page
1. Acronyms and glossary of terms.....	ii
2. Key school information and management.....	iii
3. Summary report of performance of the school.....	vii
4. Statement of school management responsibility	xvi
5. Report of the independent auditors (<i>to be attached</i>)	xvii
6. Statement of receipts and payments for the year ended 30 th june 2023	1
7. Statement of assets and liabilities as at 30 th june 2023.....	2
8. Statement of cash flows for the year ended 30 th june 2023.....	3
9. Statement of budgeted versus actual amounts for the year ended 30 th june 2023.....	5
10. Significant accounting policies	10
11. Notes to the financial statements	12
12. Annexes	22

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Acronyms and Glossary of Terms

Provide a list of all applicable acronyms and glossary of terms e.g.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free day secondary education

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

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 Nyeri County, Nyeri central Sub-County

The school was registered in JULY 2007 under registration number GP/A/4768/07 and is currently categorized as a **county public school** established, owned or operated by the Government.

The school is a day/boarding school and had **341** as at **30th June 2023**.

It has 2 streams and 20 teachers of which 2 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	JULIUS KIBUI MATU	Chairman	13/02/2022
2	MATHIAS KIMARI KIGONDU	Secretary - Principal	13/02/2022
3	CHARLES NDIRANGU MAINA	Member	13/02/2022
4	SIMON WARUI NJOGU	Member	13/02/2022
5	LUCY WANGUI NJUGUNA	Member	13/02/2022
6	PRISCAH NYAMBURA MACHARIA	Member	13/02/2022
7	CHARLES KAMARI MWEMBU	Member	13/02/2022
8	DAVID WANJOHI MBURU	Member – Rep- CEB	13/02/2022
9	IRENE KIRIGO GITHINJI	Member Rep- Teachers	13/02/2022
10	MARY WANJIKU MUTURI	Member - Sponsor	13/02/2022
11	ROBERT MAINA MUTHUNGU	Member - Sponsor	13/02/2022
12	CHARLES MAINA NDIRANGU	Member - Sponsor	13/02/2022
13	DR. REGINA WAMBUI MWANGI	Member - Community	13/02/2022
14	PAULINE NYOKABI GICHUKI	Member -Special Needs	13/02/2022
15	FELIX THEURI KAGUIRI	Member -Rep Students	13/02/2022
16.	STEPHEN KIHU KIUGI	Member- P.A Chair	13/02/2022

The functions of the School Board of Management are to:

- Promote the best interests of the school and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013.
- Ensure and assure the provision of proper and adequate facilities for the school.
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the school.
- Determine cases of pupils' discipline and make reports to the CEB.
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB.
- Administer and manage the resources of the school.
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

(c) Committees of the Board

(Provide the names of the various committees of the Board established by the Board and the names of the committee members):

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	JULIUS KIBUI MATU MATHIAS KIMARI KIGONDU DR. REGINA WAMBUI MWANGI MARY WANJIKU MUTURI STEPHEN KIHU KIUGI	Chairman Secretary Member Member Member	2 out of 4
2	Audit Committee, Finance, procurement and general-purpose Committee	JULIUS KIBUI MATU MATHIAS KIMARI KIGONDU SIMON WARUI NJOGU MATHIAS KIMARI KIGONDU STEPHEN KIHU KIUGI CHARLES MAINA NDIRANGU	Chairman Secretary Member Member Member	1 out of 4
3	Development Committee	JULIUS KIBUI MATU MATHIAS KIMARI KIGONDU STEPHEN KIHU KIUGI DR. REGINA WAMBUI MWANGI MARY WANJIKU MUTURI	Chairman Secretary Member Member Member	2 out of 4
4	Academic Committee	IRENE KIRIGO GITHINJI MATHIAS KIMARI KIGONDU DR. REGINA WAMBUI MWANGI PAULINE NYOKABI GICHUKI	Chairman Secretary Member Member	2 out of 4
5	Discipline and welfare Committee	ROBERT MAINA MUTHUNGU MATHIAS KIMARI KIGONDU IRENE KIRIGO GITHINJI LUCY WANGUI NJUGUNA CONSOLATA MURUGI NYAGA	Chairman Secretary Member Member Member	1 out of 4

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023**

(d) School operation Management

For the financial year ended 30th June 2023 the school day-to-day management was under the following persons:

Ref:	Designation	Name	ID Number
1	Principal	MATHIAS KIMARIKIGONDU	11003353
2	Deputy Principal	SUSAN GATHONI MWANGI	1831608
3	School Bursar	ALICE WANJIRU MWANGI	9553511

(e) Schools contacts

Post Office Box: 155-10102Kiganjo
Telephone: 0714363327
E-mail : gachikasec@yahoo.com

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

(f) School BankAccounts

The school operates seven bank accounts and one Paybill Number, numbered as follows:

- | | | |
|----|--------------------|---|
| 1. | Name of Bank: | KCB |
| | Branch: | NYERI |
| | Account Number: | 1101855517(School fund) |
| 2. | Name of Bank: | CO-OPERATIVE BANK |
| | Branch: | NYERI |
| | Account Number: | 01129991972800(school fund) |
| 3. | Name of Bank: | KCB |
| | Branch: | NYERI |
| | Account Number: | 1101863323(Tuition) |
| 4. | Name of Bank: | KCB |
| | Branch: | NYERI |
| | Account Number: | 1108774288(Operation) |
| 5. | Name of Bank: | KCB |
| | Branch: | NYERI |
| | Account Number: | 1260478890(infrastructure) |
| 6. | Name of Bank: | KCB |
| | Branch: | NYERI |
| | Account Number: | 1107574706(Savings) |
| 7. | Name of Bank: | EQUITY |
| | Branch: | NYERI |
| | Account Number: | 1150277703963(school fund) |
| 8. | MPESA Pay Bill No. | Business number: 522123
Account number: 40024K
Attached Bank account:
1101855517 |

(g) Independent Auditors

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

3. 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:

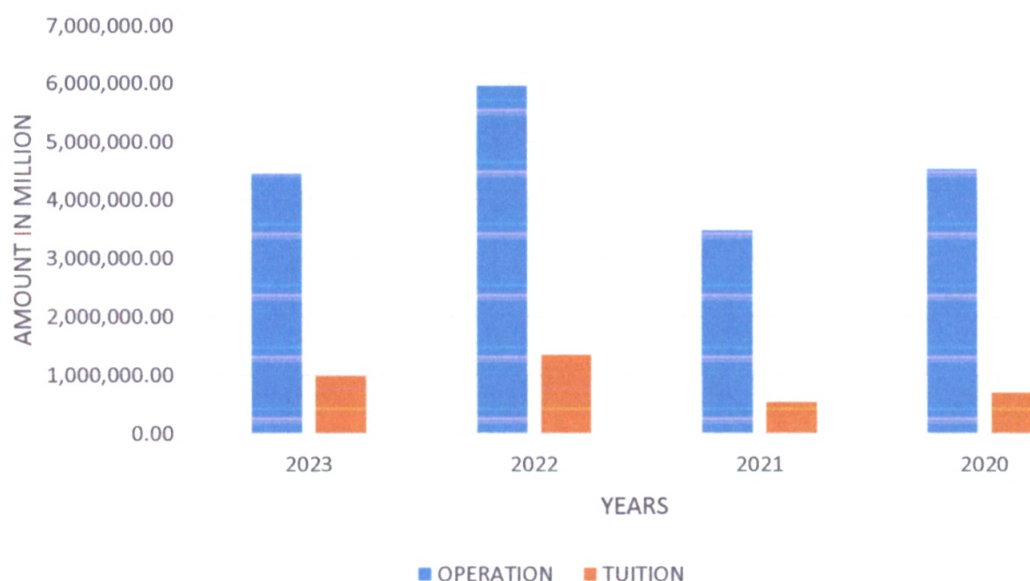
a) Financial performance:

This section provides an overview of the school's financial performance over the last four years from January 1, 2020, to June 30, 2023. The financial data for 2021 covers a period of 6 months from January 1 to June 30, 2021. And this is summarised as follows.

CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST 4 YEARS

S/NO	ACCOUNTS	2023	2022	2021	2020
		KSHS	KSHS	KSHS	KSHS
1	Operation account	4,453,097.25	5,910,410.10	3,399,692.35	4,529,475.00
2	Tuition account	991,417.25	1,354,279.40	542,417.75	710,799.00
	Total	5,444,514.50	7,264,689.50	3,942,110.10	5,240,274.00
	Increase /decrease	(1,864,457.00)	3,322,579.40	(1,298,163.90)	(1,876,135.00)
	No of student	341	362	408	399
	Ratio of capitation per student	1:16,013.28	1:9178.39	1:9,662.20	1:13,133.51

CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST 4 YEARS



Total capitation: The combined totals of both accounts give an overview of the institution's financial position. In the year 2020, the total capitation was Ksh. **5 240,274.00**. Which decreased to Ksh. **3,942,110.10** in the year 2021. There was a substantial increase to Ksh. **7,264,689.50** in the year 2022. However, in the year 2023, a decreased to Ksh. **5,444,514.50** was noted.

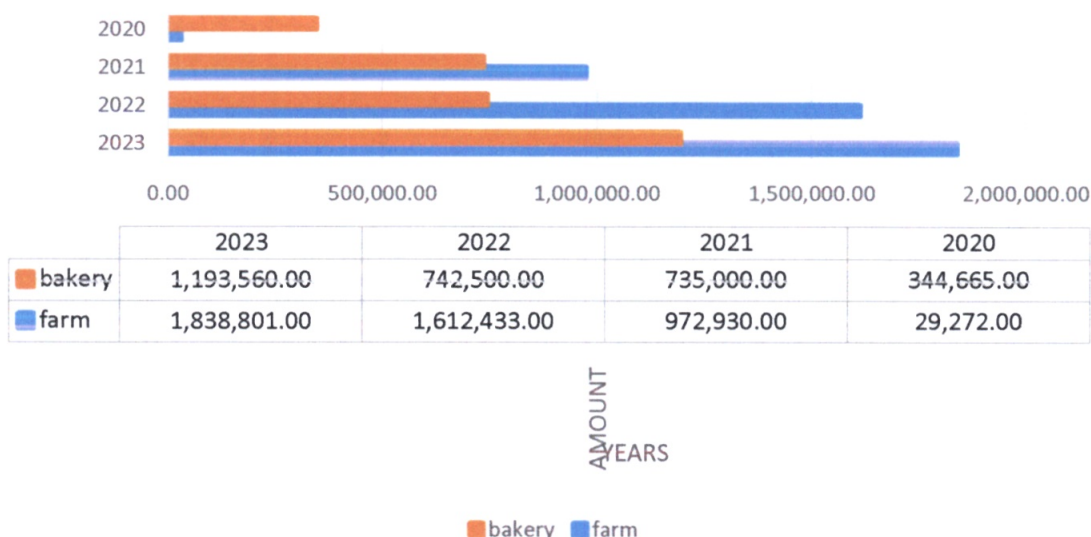
Student Analysis: The number of students can also provide insights in capitation trends: There was an increase from 399 students in the year 2020 to 408 in the year 2021. This was followed by a further decrease to 362 students in the year 2022. The number decreased again to 341 students in year 2023.

Capitation Analysis: The ratio of capitation per student demonstrates changes in allocation over the years by the government: In the year 2020, the ratio was **1:13,133.51**. It decreases to **1:9,662.20** in the year 2021. In the year 2022, the ratio decreased to **1:9,178.39**. In 2023, the ratio increased to **1:9,178.28**. This analysis highlights the financial and student-related trends over the four-year period.

OVERVIEW OF NET GROWTH OF OTHER INCOME

OVERVIEW OF NET GROWTH OF OTHER INCOME(S)					
SNO	ACCOUNTS	2023	2022	2021	2020
		KSHS	KSHS	KSHS	KSHS
1	Farm	1,838,801.00	1,612,433.00	972,930.00	29,272.00
2	Bakery	1,193,560.00	742,500.00	735,000.00	344,665.00
	Total	3,032,361.00	2,354,933.00	1,707,930.00	373,937.00
	Increase/Decrease	677,428.00	647,003.00	1,333,993.00	(224,770.10)

OVERVIEW OF NET GROWTH OF OTHER INCOME



The net growth of other income-generating activities for the financial year 2021 was **Kshs 1,333,993.00** compared to **Kshs 373,937.00** in the financial year 2020, representing an increase of **Kshs 959,056.00**.

In the current financial year, the net income for both income-generating activities was **Kshs 3,032,361.00**, an increase of **Kshs 677,428.00** compared to the previous year. This increase was due to the school expanding its farming activities, including dairy farming and bakery, with products sold locally or consumed in the school.

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Summary Report of Performance of the School.

OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL

This report presents a comprehensive overview of the expenditure growth experienced by our institution over the past four financial years, from 2020 to 2023. The analysis focuses on various accounts such as the School Fund Account, Operations Account, Tuition Account, and Infrastructure Account. Its aim is to provide insight into the trends and patterns of expenditure growth.

OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL

SNO	ACCOUNTS	2023	2022	2021	2020
		KSHS	KSHS	KSHS	KSHS
1	School Fund Account	16,066,266.00	14,969,926.00	7,386,758.00	8,748,611.00
2	Operations Account	4,209,979.00	6,157,465.00	3,912,976.00	5,343,842.00
3	Tuition Account	990,365.00	1,374,283.40	514,682.00	749,767.00
4	Infrastructure Account	554,675.00	885,130.00	1,484,400.00	761,560.00
	Total	21,821,285.00	23,386,804.40	13,298,816.00	15,603,780.00
	Increase/Decrease	(5,445,565.40)	10,087,988.40	(2,304,964.00)	(7,387,675.7)

OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL

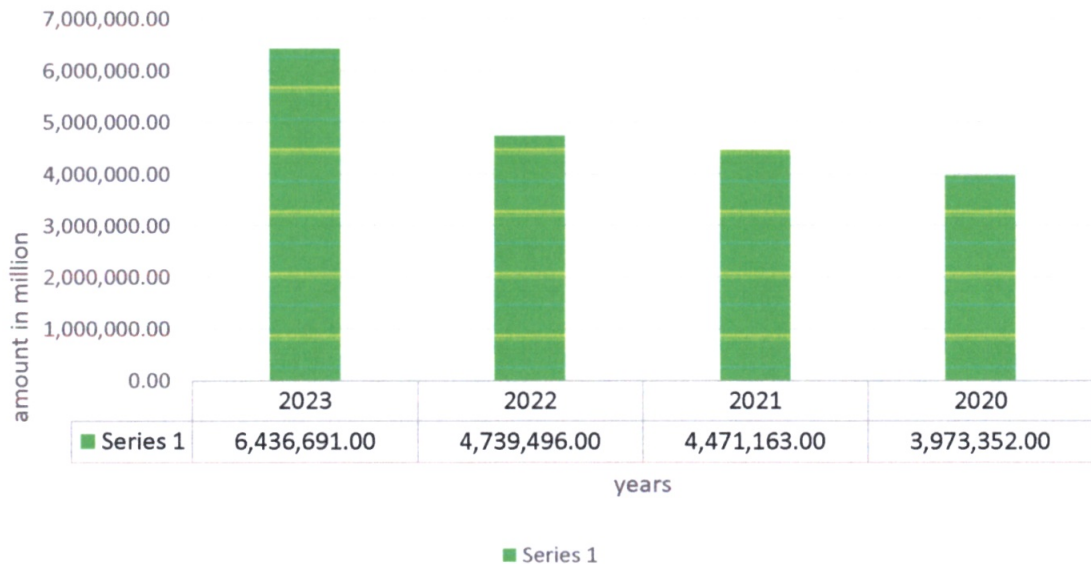


In the financial year 2021, expenditure growth decreased, influenced by the financial year covering a 6-month period. Despite the full 12 months of financial activity in 2020, expenditures decreased due to the extended closure of the school caused by COVID-19. The increase in expenditure by Kshs 10,087,988.40 in the current financial year 2022 is primarily due to the expansion to 4 terms. Additionally, inflation in the country raised commodity prices, contributing to increased expenditure.

MOVEMENT OF DEBTORS OF THE SCHOOL

MOVEMENT OF DEBTORS OF THE SCHOOL					
SNO	ACCOUNTS	2023	2022	2021	2020
		KSH	KSH	KSHS	KSHS
a	Debtors	6,436,691.00	4,739,496.00	4,471,163.00	3,973,352.00
	Total	6,436,691.00	4,739,496.00	4,471,163.00	3,973,352.00
	Increase/Decrease	1,784,221.00	268,333.00	497,811.00	1,024,572.00

MOVEMENT OF DEBTORS OF THE SCHOOL



In the year 2020, the total debtors for the school were **Ksh. 3,973,352.00**, which increased to **Ksh. 4,471,163.00** in 2021, an increase of **Ksh. 497,811.00** compared to the year 2020.

In 2022, the total debtors for the school were **Ksh. 4,739,496.00**, reflecting an increase of **Ksh. 268,333.00** compared to 2021. In the current financial year, debtors amounted to **Ksh. 6,436,691.00**, which is a significant increase of **Ksh. 1,697,195.00** compared to 2022.

The increase in school debtors is primarily due to high inflation and drought affecting parents' income.

MOVEMENT OF CREDITORS OF THE SCHOOL

MOVEMENT OF CREDITORS OF THE SCHOOL					
SNO	ACCOUNTS	2023	2022	2021	2020
		KSHS	KSHS	KSHS	KSHS
	Creditors	5,905,090.00	2,574,950.00	3,967,331.80	1,309,715.00
	Total	5,905,090.00	2,574,950.00	3,967,331.80	1,309,715.00
	Increase/Decrease	3,330,140.00	(1,392,381.80)	2,657,616.80	418,800.00



Total creditors as at 30th June 2021 amounted to Ksh**3,967,331.80** compared to Ksh**1,309,715.00** in the year 2020, an increase of Ksh**2,657,616.80** failure of government to send capitation over the covid period. A decrease of ksh**1,392,381.80** was noted in the year 2022 due to the drop in student enrollment.

In this current financial year 2023 there was an increase of ksh**3 330 140.00** this was as a result of high cost of commodities and drought which affected parents in fees payment.

b) Teacher Student ratio:

Between July 2022 and June 2023, the status of the teaching staff is as follows:

There are 18 teachers posted by the Teachers Service Commission and 2 recruited by the Board of Management. Although the teacher-student ratio is 1:23, we have a shortage of teachers in geography, agriculture, home science, and computer studies according to the given CBE. This shortage is due to the expansion of our curriculum to include computer studies and home science."

c) Mean score in the 2019- 2022 KCSE:

YEAR	ENROLMENT	MEAN	TRANSITION	TRANSITION (%)	SCHOOL TARGET	COMMENTS
2022	103	2.440	14	13.59	4.5	Negative deviation of 0.036
2021	106	2.476	33	31.13	4.5	Negative deviation of 0.328
2020	93	2.804	23	24.73	4.5	Negative deviation of 0.412
2019	74	3.216	25	33.78	4.0	Negative deviation of 0.254

d) Number of Candidates in the years 2019- 2023 KCSE:

YEAR	2023	2022	2021	2020	2019
No of candidates	96	103	106	93	74
Increase/ decrease	(7)	(3)	13	19	3

e) Development projects carried out by the school:

S/ No.	Project	Year	Status	Amount	Fund Source
1	Repairs of Boys dormitory	2019-2020	Completed	293,355.00	Maintance & Improvement
2	Gents abulution and toilet	2020-2021	Completed	761,560.00	Maintance & Improvement
3	2 staff toilet, Gate house and boy's bathroom	2021-2022	Completed	1,484,400.00	Maintance & Improvement
4	Improvement of old kitchen to boy's dormitory	2022-2023	Completed	816,675.00	Maintance & Improvement.

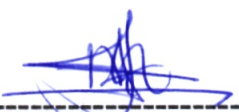
GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

a) Development projects carried out by the school:

(Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format).

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Improvement of old kitchen to boy's dormitory	M&I		818,675.00	524,675.00	August 2023



School principal



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

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

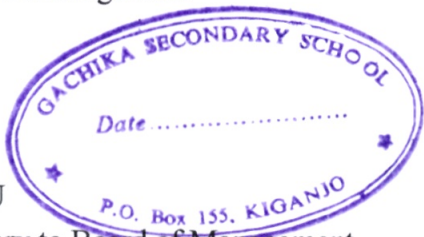
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2023 and of the school's financial position as at that date.

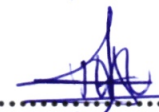
.....


Name: JULIUS KIBUI MATU

Designation: Chairman, School Board of Management

Date: 26/7/2024



.....


Name: MATHIAS KIMARI KIGONDU

Designation: School Principal & Secretary to Board of Management

Date: 26/7/2024

.....


Name: ALICE WANJIRU MWANGI

Designation: Bursar/ Finance Officer

Date: 26/7/2024

REPUBLIC OF KENYA



Enhancing Accountability

Telephone: +254-(20) 3214000
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 GACHIKA SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – NYERI COUNTY

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and 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 Gachika Secondary School – Nyeri County set out on pages 1 to 21, which comprise of the statement financial assets and liabilities as at 30 June, 2023 and the statement of receipts and payments, statement

Report of the Auditor-General on Gachika Secondary School for the year ended 30 June, 2023 - Nyeri County

of cash flows and notes to the financial statements 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 Gachika Secondary School – Nyeri County as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Accounts Receivables

The statement of financial assets and financial liabilities and Note 13 to the financial statements reflects accounts receivables balance of Kshs.6,436,691 in respect of fees arrears. However, included in the balance are receivables amounting to Kshs.3,673,313 which had been outstanding for more than two (2) years.

In the circumstances, the accuracy, completeness and recoverability of the receivables balance of Kshs.3,673,313 could not be confirmed.

2. Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities and Notes 10 and 11 to the financial statements reflects cash and cash equivalents balance of Kshs.374,828. However, the balance was not supported with bank reconciliation statements, certificate of bank balance confirmation and cash survey report.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.374,828 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Gachika Secondary School Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing 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.28,848,886 and Kshs.19,987,819 respectively,

resulting to an under-funding of Kshs.8,861,067 or 31% of the budget. However, the School spent a balance of Kshs.12,450,249 against actual receipts of Kshs.19,987,819, resulting to an over-utilization of Kshs.7,537,570 or 60% of actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2023.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the 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. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.4,320,350 as disclosed in Note 2 to the financial statements which was received from the Ministry of Education and credited in the operations bank account. Included in the amount is Kshs.1,442,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, only Kshs.368,000 was transferred to infrastructure account, leaving a balance of Kshs.1,074,000 as at 30 June, 2023. This was contrary to the Ministry of Education Circular Ref. No:MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

2. Failure to Prepare School Improvement Plan

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

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

3. Lack of Procurement Plan

The statement of receipts and payments reflects an amount of Kshs.21,362,075 and Kshs.21,821,285 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. Further, no procurement budget was provided for audit review. This was contrary to Regulation 40 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.198,800,000 in respect of fixed assets which includes land with a balance of Kshs.72,000,000. However, land ownership document was not provided for audit.

In the circumstances, the ownership and safe custody of the fixed assets could not be confirmed.

2. Lack of Internal Audit Function and Audit Committee

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 requires 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.

The audit was conducted in accordance with 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain its services, disclosing, as applicable, matters related to the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 School's policies and procedures may deteriorate.

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 September, 2024

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

6. Statement of Receipts and Payments for the Year Ended 30th June 2023

Description Of Vote Head	Note	2022-2023	2021-2022
		Kshs	Kshs
Receipts			
Government grants for tuition	1	991,417.25	1,354,279.40
Government grants for operations	2a	4,320,349.65	5,910,410.10
Other receipt for operation	2b	132,747.60	44,282.00
Government Grants for infrastructure	3	533,000.00	917,500.00
School fund income- parents' contributions	4	10,977,944.00	13,904,753.00
Miscellaneous incomes	5	4,406,616.00	5,579,456.00
Total Receipts		21,362,074.50	27,710,680.50
Payments			
Tuition	6	990,365.00	1,374,283.40
Operations	7	4,209,979.00	6,157,465.00
Infrastructure	8	554,675.00	885,130.00
Boarding and school fund	9a	13,200,241.00	14,969,926.00
Payment on income generating activities	9b	2,866,025.00	3,980,226.00
Total Payments		21,821,285.00	27,367,030.40
Surplus/Deficit		(459,210.50)	343,650.10

The school financial statements were approved on _____ 2023 and signed by:


.....

Name: JULIUS KIBUI MATU

Chairman BOM

Date: 26/7/2024


.....

Name: MATHIAS KIMARI KIGONDU

School Principal/ Secretary BOM

Date: 26/7/2024


.....

Name: ALICE WANJIRU MWANGI

Bursar/ Finance Officer

Date: 26/7/2024



GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

7. Statement of Assets and Liabilities as at 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	371,112.71	830,232.21
Cash balances	11	3,715.80	3,806.80
Short term investments	12	-----	-----
Total cash and cash equivalent		<u>374,828.51</u>	<u>834,039.01</u>
Account's receivables	13	6,436,691.00	4,739,496.00
Total financial assets		6,811,591.51	5,573,535.01
Financial liabilities			
Accounts payables	14	(5,905,090.00)	(2,574,950.00)
Net financial assets		906,429.51	2,998,585.01
Represented by			
Accumulated fund b/fwd	15	2,998,585.01	613,059.11
Deficit for the year		(459,210.50)	343,650.10
Add increase in receivables		1,697,195.00	268,333.00
Less increase in payables		(3,330,140.00)	1,773,542.80
Net financial position		906,429.51	2,998,585.01

The school's financial statements were approved on _____ 2023 and signed by:

.....
 Name: JULIUS KIBUI MATU

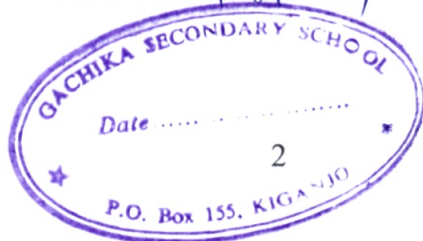
Chairman BOM
 Date: 26/7/2024

.....
 Name: MATHIAS KIMARI KIGONDU

School Principal/ Secretary BOM
 Date: 26/7/2024

.....
 Name: ALICE WANJIRU MWANGI

Bursar/ Finance Officer
 Date: 26/7/2024



GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****8. Statement of Cash Flows for the Year Ended 30th June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	991,417.25	1,354,279.40
Government grants for operations	2a	4,320,349.65	5,910,410.10
Other receipt for operation	2b	132,747.60	44,282.00
Government Grants for infrastructure	3	533,000.00	917,500.00
School fund income- parents' contributions	4	10,977,944.00	13,904,753.00
Miscellaneous incomes	5	4,406,616.00	5,579,456.00
Total Receipts		21,362,074.50	27,710,680.50
Payments			
Cash outflows for tuition	6	990,365.00	1,374,283.40
Cash outflows for operations	7	4,209,979.00	6,157,465.00
Cash outflows for infrastructure	8	554,675.00	885,130.00
Cash outflows Boarding/lunch and school fund payments	9a	13,200,241.00	14,969,926.00
Cash outflows for income generating activities	9b	2,866,025.00	3,980,226.00
Total payments		21,821,285.00	27,367,030.00
Net cash outflow from operating activities		(459,210.50)	343,650.10
Cash flow from investing activities			
Acquisition of assets			
Proceeds from sale of Assets			
Proceeds from investments			
Purchase of investments			
Net cash inflow/outflows from investing activities			
Cashflow from Financing activities			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash inflow/outflow from financing activities			
Net decrease in cash and cash equivalents		(459,210.50)	343,650.10
Cash and cash equivalent at beginning of the year.		834,039.01	490,388.91
Cash and cash equivalent at end of the year		374,828.51	834,039.01

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

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

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

The school's financial statements were approved on _____ 2023 and signed by:

.....


Name: JULIUS KIBUI MATU

Chairman BOM

Date: 26/7/2024

.....


Name: MATHIAS KIMARI KIGONDU

School Principal/ Secretary BOM

Date: 26/7/2024

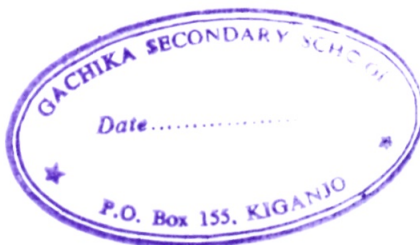
.....


Name: ALICE WANJIRU MWANGI

Bursar/ Finance Officer

Date: 26/7/2024

(Comparative FY refers to the financial year preceding the current financial year.)



Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. Accounts receivables also include school fees billed to parents for services rendered but not paid. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2023

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Statement Of Budgeted Versus Actual Amounts for the Year Ended 30th June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
<i>(1) Capitation Grant on Tuition</i>					
Reference Materials	160,000.00	0.00	160,000.00	90,000.00	56.25
Exercise Books	225,000.00	0.00	225,000.00	39,206.25	12.98
Laboratory Equipment	690,000.00	0.00	690,000.00	430,700.00	62.42
Internal Exams	230,000.00	0.00	230,000.00	73,800.00	23.09
Teaching / Learning Materials	394,040.00	0.00	394,040.00	357,711.00	90.78
TOTALS	1,699,040.00	0.00	1,699,040.00	991,417.25	58.35
<i>(2) Capitation Grant on Operations</i>					
Personnel Emoluments	1,927,000.00	0.00	1,927,000.00	1,567,914.00	81.37
Repairs And Maintenance	2,050,000.00	0.00	2,050,000.00	1,442,000.00	70.34
Local Transport / Travelling	820,000.00	0.00	820,000.00	114,427.00	13.95
Electricity And Water	635,910.00	0.00	635,910.00	279,382.65	43.93
Medical	84,375.00	0.00	84,375.00	73,700.00	87.35
Administration Costs	655,180.00	0.00	655,180.00	641,089.00	97.85
Activity	635,910.00	0.00	635,910.00	201,837.00	31.74
Gratuity	96,350.00	0.00	96,350.00	0	0
TOTALS	6,904,725.00	0.00	6,904,725.00	4,453,097.65	64.49

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<i>3) FDSE for infrastructure</i>					
Maintenance &Improvement MOE	1,690,000.00	0.00	1,690,000.00	533,000.00	31.46
TOTALS	1,690,000.00	0.00	1,690,000.00	533,000.00	31.46
<i>(4) Fees Charged on Parents</i>					
Personnel Emoluments	1,312,875.00	0.00	1,312,875.00	1,174,543.00	89.46
Repairs And Maintenance	450,000.00	0.00	450,000.00	588,122.00	130.69
Local Transport / Travelling	433,248.00	0.00	433,248.00	598,000.00	138.03
Electricity And Water	446,375.00	0.00	446,375.00	420,309.00	94.16
Medical	-	0.00	-		
Adrninistration Costs	433,248.00	0.00	433,248.00	623,540.00	143.92
Activity	84,375.00	0.00	84,375.00	77,678.00	92.06
SMASSE		0.00			
Fee On Boarding Equipment and Stores	12,145,000.00	0.00	12,145,000.00	7,495,752.00	61.71
TOTALS	15,305,121.00	0.00	15,305,121.00	10,977,944.00	71.73
<i>5) Miscellaneous Income</i>					
bakery	1,300,000.00	0	1,300,000.00	1,193,560.00	91.81
Income From Farming Activities	1,800,000.00	0	1,950,000.00	1,838,801.00	94.30
Total for other income	3,100,000.00	0.00	3,250,000.00	3,032,361.00	93.30
TOTAL INCOME	28,848,886.00	0.00	28,848,886.00	19,987,819.90	69.28

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
(6) Expenditure for Tuition					
Textbooks					
Reference Materials	160,000.00	0.00	160,000.00	32,000.00	20.00
Exercise Books	225,000.00	0.00	225,000.00	0	
Laboratory Equipment	690,000.00	0.00	690,000.00	102,776.00	14.86
Internal Exams	230,000.00	0.00	230,000.00	73,300.00	31.87
Teaching / Learning Materials	394,000.00	0.00	394,000.00	63,310.00	17.07
TOTALS	1,699,000.00		1,699,000.00	271,386.00	15.99
(7) Expenditure For Operations					
Personnel Emoluments	1,927,000.00	0.00	1,927,000.00	1,577,491.00	81.86
Repairs, Maintenance & Improvements	2,050,000.00	0.00	2,050,000.00	534,353.00	26.07
Local Transport / Travelling	820,000.00	0.00	820,000.00	113,800.00	13.87
Electricity, Water and Conservancy	635,910.00	0.00	635,910.00	229,367.00	36.07
Medical	84,375.00	0.00	84,375.00	19,000.00	22.52
Administration Costs	655,180.00	0.00	655,180.00	656,353.00	100
Activity Expenses	635,910.00	0.00	635,910.00	308,580.00	48.53
TOTALS	6,808,375.00	0.00	6,808,375.00	3,438,944.00	50.50
(8) Expenditure For infrastructure					
Improvement of old kitchen to boy's dormitory	1,200,000.00	0.00	1,200,000.00	524,467.00	43.70
Total	1,200,000.00	0.00	1,200,000.00	524,467.00	43.70

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<i>(9) Expenditure For school fund/lunch/boarding</i>					
Personnel Emoluments	1,312,875.00	0.00	1,312,875.00	1,174,543.00	89.46
Repairs, Maintenance and Improvements	915,000.00	0.00	915,000.00	588,122.00	64.28
Local Transport / Travelling	800,000.00	0.00	800,000.00	598,000.00	74.75
Electricity, Water and Conservancy	1,080,000.00	0.00	1,080,000.00	420,309.00	38.92
Administration Costs	825,000.00	0.00	825,000.00	623,540.00	75.58
Boarding Equipment and Stores	10,446,300.00	0.00	10,446,300.00	7,495,752.00	71.76
Activity	100,000	0.00	100,000.00	77,678.00	77.68
Total	15,479,175.00	0.00	15,479,175.00	10,354,404.00	66.89
Expenditure For Income Generating					
farm	1,500,000.00	0.00	1,500,000.00	1,474,600.00	98.3
bakery	400,000.00	0.00	400,000.00	621,245.00	155.3
Totals	17,279,175.00	0.00	17,279,175.00	12,450,249.00	72.1

[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization above 100%]

GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

The tuition account was underutilized. We had budgeted Ksh. 1,699,040.00, but the government only sent Ksh. 991,417.25. Of this amount, Ksh. 271,386.00 was used for expenditures, and Ksh. 718,499.00 was allocated to pay creditors, leading to the budget under-utilization.

The operation account was underutilized. We had budgeted Ksh. 6,808,375.00, but the government only sent Ksh. 4,453,097.65, which is 64.50% of the budgeted amount. Of this, Ksh. 3,438,944.00 was used for expenditures and Ksh. 251,350.00 was allocated to pay creditors, leading to the budget under-utilization.

The school fund account was underutilized. We had budgeted Ksh. 15,305,121.00, but parents only paid Ksh. 10,977,944.00, which is 71.73% of the budgeted amount. Of this amount, Ksh. 10,354,404.00 was used for expenditures, and Ksh. 708,730.00 was allocated to pay creditors, resulting in the budget being under-utilized.

11. Notes to the Financial Statements

1 Government Grants for Tuition

Description	2022-2023	2021-2022
	Kshs	Kshs
Reference Materials	90,000.00	43,390.00
Exercise Books	39,206.25	108,394.40
Laboratory Equipment	430,700.00	550,615.00
Internal Exams	73,800.00	200,650.00
Teaching / Learning Materials	357,711.00	245,780.00
Others (<i>specify</i>) *		
Total	991,417.25	1,354,279.40

*Include others as per MOE circulars

2 Government Grants for Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	1,567,914.00	1,874,914.10
Repairs And Maintenance	1,442,000.00	2,034,500.00
Local Transport / Travelling	114,427.00	766,355.00
Electricity And Water	279,382.65	500,335.00
Medical/Insurance	73,700.00	81,800.00
Administration Costs	641,089.00	652,526.00
Activity	201,837.00	
Total capitacion from government	4,320,349.65	5,910,410.10
2.b other receipt through operation		
Misc income	132,747.60	44,282.00
Total	132,747.60	5,954,692.10

*Include others as per MOE circulars

3 Government Grants for infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Maintenance & Improvement	368,000.00	917,500.00
Other (<i>classroom project</i>)	165,000.00	
Total	533,000.00	917,500.00

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****4 School Fund Income -Parents Contribution/Fees**

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	1,174,543.00	1,626,007.00
Repairs and maintenance	588,122.00	634,361.00
Local transport / travelling	598,000.00	731,703.00
Electricity and water	420,309.00	487,802.00
Medical	0.00	2,000.00
Administration costs	623,540.00	406,502.00
Activity	77,678.00	85,534.00
Fee on Boarding Equipment and stores	7,495,752.00	9,930,844.00
Total	10,977,944.00	13,904,753.00

**Includes all levies charged by the school outside the fees structure but by mutual agreement with the parents*

5 Miscellaneous Incomes

Description	2022-2023	2021-2022
	Kshs	Kshs
Interview		3,000.00
Fees debtor	1,066,183.00	1,292,582.00
Exam	18,000.00	63,888.00
C.C.T.V Camera	47,072.00	54,483.00
Bakery	1,193,560.00	742,500.00
Special Diet		58,923.00
Damages		1,698,647.00
Operation	100,000.00	
Infrastructure	30,000.00	
Advance		8,500.00
Books		4,500.00
Tender	33,000.00	40,000.00
Farm	1,838,801.00	1,612,433.00
Donation	80,000.00	
Other Income (specify) *		
Total	4,406,616.00	5,579,456.00

(Include an explanation on the kind and source of grants/ donations received by the school.)

**Ensure proper authorization from MOE before obtaining loans/borrowings.*

**Indicate what other income relates to including income arising from writebacks if any.*

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****Notes to the Financial Statements (continued)****6 Payment for Tuition**

Description	2022-2023	2021-2022
	Kshs	Kshs
Exercise Books		221,700.00
Reference materials	32,000.00	53,257.40
Laboratory Equipment	102,776.00	517,335.00
Teaching / Learning Materials	63,310.00	282,096.00
Internal exam	73,300.00	
Stationaries		89,515.00
Bank Charges	480.00	1,345.00
creditors	718,499.00	209,035.00
Others (<i>specify</i>)		
Total	990,365.00	1,374,283.40

7 Payment for Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	1,577,491.00	2,021,067.00
Administration Cost	656,353.00	687,500.00
Repairs And Maintenance & Improvements	534,038.00	330,410.00
Local Transport / Travelling	113,800.00	336,800.00
Electricity And Water	229,367.00	615,180.00
Medical	19,000.00	
Activity Expenses	308,580.00	167,900.00
Insurance Cost		200,518.00
infrastructure	368,000.00	917,500.00
Creditors	251,350.00	200,518.00
School fund	152,000.00	
Total	4,209,979.00	6,157,465.00

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****Notes to the Financial Statements (continued)****8 Payment for Infrastructure**

Description	2022-2023	2021-2022
	Kshs	Kshs
Construction of classrooms		
Construction of laboratory		
M.I.F		738,630.00
Improvement of old kitchen to boy's dormitory	524,675.00	
Purchase of furniture		
Purchase of equipment		
Purchase of apparatus		
Drilling of boreholes		
School fund	30,000.00	
Creditors		146,500.00
Total	554,675.00	885,130.00

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****9 Payment for Boarding and School Fund**

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	2,273,330.00	2,115,947.00
Service Gratuity		
Repairs And Maintenance & Improvements	480,435.00	1,806,875.00
Local Transport / Travelling	605,570.00	1,131,625.00
Electricity And Water	110,350.00	501,830.00
Medical Expenses	141,701.00	64,721.00
Administration Costs	701,457.00	1,233,192.00
Activity	765,614.00	2,000.00
Lunch Programme		
Fee On Boarding Equipment and Stores	8,121,784.00	8,113,736.00
Total expenses on boarding and school fund	13,200,241.00	14,969,926.00
b. Expenses on Income Generating Activities**		
Creditors	708,380.00	1,263,670.00
Exams	17,300.00	63,900.00
Tender document	14,500.00	31,000.00
Advance		10,000.00
Damages		1,038,140.00
Books		5,031.00
Bakery	621,245.00	213,075.00
Farm	1,474,600.00	1,355,410.00
Infrastructure	30,000.00	
Others (specify)		
Total	2,866,025.00	3,980,226.00

(Expenses on income generating activities** should include all costs relating to the school earnings on miscellaneous receipts as recorded in note 5. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others).

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****Notes to the Financial Statements (continued)****10 Bank Accounts**

Account Name & Currency	Status	Bank Account Number	2022-2023	2021-2022
	Active/Dormant		Kshs	Kshs
Tuition Account K.C. B	Active	1101863323	17,117.90	16,065.65
Operations Account K.C. B	Active	1108774288	282,797.20	39,001.95
School Fund Account/Boarding K.C. B	Active	1101855517	48,403.41	335,135.41
School Fund Account/Boarding CO-OP	Active	112999197280 0	438.00	303,621.00
School Fund Account/Boarding EQUITY	Active	115027770396 3	9,165.00	101,542.00
Savings Account	Dormant	1107574706	2,311.20	2,311.20
Infrastructural Account	Active	1260478890	10,880.00	32,555.00
Total			371,112.71	830,232.21

11 Cash In Hand

Description	2022-2023	2021-2022
	Kshs	Kshs
Operation Account	706.80	1,383.80
School Fund account	3,009.00	2,423.00
Total	3,715.80	3,806.80

12 Short Term Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Cooperative Shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed Deposit accounts	0.00	0.00
Other Investments	0.00	0.00
Total	0.00	0.00

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****Notes to the Financial Statements (continued)****13 Accounts Receivable**

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees Arrears	6,436,691.00	4,737,996.00
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)	0.00	1,500.00
Imprest (list/schedule attached)	0.00	
Rent arrears (list/schedule attached)	0.00	
Total	6,436,691.00	4,739,496.00

13 b Ageing Analysis of Accounts Receivable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	Comparative 2021-2022	% of the total
Less than 1 year				
Between 1- 2 years	2,763,378.00	42.59%	1,559,415.00	32.91%
Between 2-3 years	1,559,415.00	24.85%	1,612,001.00	34.02%
Over 3 years	2,113,898.00	24.15%	1,566,580.00	33.07%
Total (should tie to note 13 a)	6,436,691.00	100.00%	4,737,996.00	100.00%

14 Accounts Payable

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	5,784,882.00	2,471,135.00
Prepaid Fees	120,208.00	103,815.00
Retention Monies		
Unpaid salaries and statutory deductions		
Caution money		
Other payables (<i>specify</i>)		
Total	5,905,090.00	2,574,950.00

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****Notes to the Financial Statements (continued)****14a. Ageing Analysis of Accounts Payable**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year				
Between 1- 2 years	5,584,147.00	96.53%	2,243,635.00	90.79%
Between 2-3 years	148,995.00	2.58%	50,000.00	2.02%
Over 3 years	51,740.00	0.89%	177,500.00	7.18%
Total (should tie to note 14)	5,784,882.00	100%	2,471,135.00	100%

15 Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Balances	830,232.21	456,479.11
Cash Balances	3,806.80	33,909.80
Short Term Investments	0	
Receivables	4,739,496.00	4,471,163.00
Payables	(2,574,950.00)	(4,348,492.80)
Total	2,998,585.01	613,059.11

Other important disclosure notes

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

16 Non-current Liabilities Summary

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Loans	0,00	0,00
Outstanding Leases	0,00	0,00
Hire Purchase	0,00	0,00
Gratuity And Leave Provision	0,00	0,00
Others (specify)	0,00	0,00
Total	0,00	0,00

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****17 Biological assets**

Description	Numbers	2022-2023	2021-2022
		Kshs	Kshs
Dairy cows	4	320,000.00	280,000.00
Goats	2	20,000.00	30,000.0
Trees	150	300,000.00	200,000.00
Calf's	2	40,000.00	45,000.00
Total		680,000.00	555,000.00

18 Borrowings

Description	2022-2023	2021-2022
Borrowings at beginning of the year	0,00	0,00
Borrowings during the year	0,00	0,00
Repayments during the year	0,00	0,00
Balance at the end of the year	0,00	0,00

Other important disclosure notes**19 Stock/ Inventory**

Description	2022-2023	2021-2022
	Kshs	Kshs
Food stuffs	240,000.00	270,000.00
Lab consumables	940,000.00	650,000.00
Farm produce	150,000.00	50,000.00
Medication	8,000.00	5,000.00
Construction Materials	36,000.00	45,000.00
Others (specify)		
Total	1,374,000.00	1,020,000.00

(Stock to be measured at lower of cost and net realisable value. Net realisable value is the difference between selling costs less costs to sell)


GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

20 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)



Sign and Date
Principal

GACHIKA SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2023**Annexes****Annex I - Analysis of Pending Accounts Payable**

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance Comparative 2021-2022	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1. Danson kamwega maina	150,000.00	01/02/2022	40,000.00	110,000.00		
2. Elijah Wachira wanjii	125,500.00	01/02/2022	0	125,500.00		
3. Isaac Wachira ndungu	471,946.00	01/07/2022	126,030.00	345,916.00		
Sub-Total				581,416.00		
Supply Of Goods						
4. Rawamwa Suppliers	427,000.00	01/09/2022	175,000.00	252,000.00		
5. Stephen Wambugu	234,300.00	01/07/2022	139,000.00	95,300.00	36,000.00	
6. Mary Wangechi Mundia	799,000.00	01/01/2022	668,000.00	131,000.00		
7. Kara tabby suppliers	140,000.00	01/07/2022	40,000.00	100,000.00		
8. Ituiku Stores	1,056,380.00	01/01/2022	400,270.00	656,110.00	207,750.00	
9. Highway shop	312,450.00	01/01/2022	0	312,450.00		
10. Sly dan Detergent	40,500.00	01/01/2022	21,500.00	19,000.00		
11. Gladys Gathoni	447,983.00	01/01/2022	415,458.00	32,525.00		
12. Annex Business Machine	627,500.00	01/01/2022	427,500.00	200,000.00	114,250.00	
13. Charity M. Wamuyu	47,400.00	01/01/2022	26,580.00	20,820.00		
14. Mwangaza School Laboratory	868,005.00	01/01/2022	344,784.00	533,221.00	301,600.00	



1
2
3
4
5

6
7
8

9
10
11
12

GACHIKA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023**

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance Comparative 2021-2022	Comments
15. Ngawae Enterprises	1,323,205.00	01/01/2021	519,585.00	703,875.00	597,780.00	
16. Liwaka Enterprise	577,165.00	01/01/2022	525,425.00	51,740.00	177,500.00	
17. Wairunga G. Services	68,000.00	01/01/2022	0	68,000.00		
18. Marjod Enterprises	505,900.00	01/07/2022	275,900.00	230,000.00	213,900.00	
Sub-Total				3,469,311.00		
Supply Of Services						
19. Lumu Cleaning & Sanitary	112,700.00	01/07/2022	20,300.00	92,400.00		
20. Stanley Maina Weru	439,310.00	01/07/2022	212,400.00	226,910.00	46,050.00	
21. Kamumwa caterers	133,500.00	01/07/2022	0	133,500.00	133,500.00	
22. Charles kamau	14,350.00	01/07/2022		14,350.00		
23. Moses Wanjau	298,362.00	01/07/2022	280,100.00	18,262.00		
24. New Age Clinic	24,200.00	01/01/2022	8,450.00	15,750.00		
25. Justoline enterprises	11,550.00	01/07/2022	0	11,550.00		
26. Nyewasco Co. LTD	319,208.00	01/07/2022	150,000.00	169,208.00	135,530.00	
27. Audacious Building technology	208,668.00	01/07/2022	31,448.00	177,220.00		
28. Geoffrey Karimi	290,100.00	01/07/2022	123,900.00	166,200.00	123,900.00	
29. Josmer Timber	394,250.00	01/07/2022	258,650.00	135,600.00	65,500.00	
30. Lichi Security System	706,000.00	01/07/2022	364,000.00	342,000.00	104,000.00	
31. Planet Services	487,875.00	01/07/2022	223,400.00	264,475.00	129,375.00	
Sub-Total				1,767,425.00		
Grand Total				5,784,882.00		



GACHIKA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1st July 2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2023
Land	Est 72 M	0.00	0.00	Est 72 M
Buildings And Structures	Est100 M	1.5M	0.00	Est101.5 M
Office Equipment, Furniture and Fittings	Est5 M	0.00	0.00	Est5 M
Textbooks	M.O. E	0.00	0.00	M.O. E
ICT Equipment	Est 5 M	0.3M	0.00	Est 5.3 M
Laboratory Tools and Apparatus	Est 8 M	0.00	0.00	Est 8 M
Other Machinery and Equipment	Est 3 M	0.00	0.00	Est 3 M
Kitchen Assets	Est 5 M	0.00	0.00	Est 5 M
Intangible Assets- Soft Ware	Est 0.5 M	0.00	0.00	Est 0.5 M
Total	Est 198.5M	0.3M	0.00	198.8M

(The school should ensure that a detailed fixed assets register is maintained).

EST – estimated values

